

# FINANCIAL SECTION





## STATE OF COLORADO

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October 25, 2001

### Independent Auditor's Report

Members of the Legislative Audit Committee:

We have audited the general purpose financial statements of the State of Colorado, as of and for the year ended June 30, 2001. These general purpose financial statements are the responsibility of the State of Colorado's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

Except as discussed in the following paragraph, we conducted our audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

We were not able to obtain certain year-end accounting records supporting the financial activities of the Scholars Choice Fund and were not able to satisfy ourselves as to those financial activities through other auditing procedures. Year-end accounting records of the Scholars Choice Fund must be reconstructed due to losses suffered in the September 11, 2001 events. Financial activities of the Scholars Choice Fund represent two percent and nine percent of the assets and revenue, respectively, of the State's Fiduciary Funds.

In our opinion, except for the effects of such adjustment, if any, as might have been determined to be necessary had we been able to obtain year-end accounting records of the Scholars Choice Fund, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the State of Colorado, as of June 30, 2001, and the results of its operations and cash flows of its proprietary fund types and nonexpendable trust funds for the year then ended in conformity with generally accepted accounting principles.

Our audit was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The combining and individual fund and account group financial statements and schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the general purpose financial statements of the State of Colorado. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly presented in all material respects in relation to the general purpose financial statements taken as a whole.

The introductory section, graphic presentation, and statistical section were not audited by us and, accordingly, we do not express an opinion on them.

## **GENERAL PURPOSE FINANCIAL STATEMENTS**

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**COMBINED BALANCE SHEET**  
**ALL FUND TYPES AND ACCOUNT GROUPS AT JUNE 30, 2001**  
**AND DISCRETELY PRESENTED COMPONENT UNITS**

(DOLLARS IN THOUSANDS)

	GOVERNMENTAL FUND TYPES			
	GENERAL	SPECIAL REVENUE	DEBT SERVICE	CAPITAL PROJECTS
<b>ASSETS AND OTHER DEBITS:</b>				
Cash and Pooled Cash	\$ 614,383	\$2,033,266	\$ 3,555	\$410,057
Taxes Receivable, net	886,493	76,006	-	-
Other Receivables, net	65,060	19,235	17	3,658
Due From Other Governments	242,224	101,065	341	4,303
Due From Other Funds	49,610	21,123	-	3,427
Inventories	14,374	6,901	-	-
Prepays, Advances, and Deferred Charges	56,111	306	-	3,360
Investments	2,319	178,672	5,561	-
Property, Plant and Equipment, net	-	-	-	-
Other Long-Term Assets	7,669	179,392	-	187
Amount Available in Debt Service Fund	-	-	-	-
Amount To Be Provided For Retirement Of				
Long-Term Obligations: From State Sources		-	-	-
From Federal Revenues	-	-	-	-
<b>TOTAL ASSETS AND OTHER DEBITS</b>	<b>\$1,938,243</b>	<b>\$2,615,966</b>	<b>\$ 9,474</b>	<b>\$424,992</b>
<b>LIABILITIES:</b>				
Tax Refunds Payable	\$ 378,320	\$ 315	\$ -	\$ -
Accounts Payable and Accrued Liabilities	377,636	158,063	-	38,699
TABOR Refund Liability (See Note II-D)	927,201	-	-	-
Due To Other Governments	58,040	65,284	-	-
Due To Other Funds	34,584	68,391	-	2,666
Deferred Revenue	92,580	38,947	-	29
Deposits Held In Custody For Others	8,720	39	-	-
Other Current Liabilities	32,579	13,308	-	-
Capital Lease Obligations	-	-	-	-
Notes and Bonds Payable	-	-	-	-
Accrued Compensated Absences	-	-	-	-
Other Long-Term Liabilities	105	9	-	-
<b>TOTAL LIABILITIES</b>	<b>1,909,765</b>	<b>344,356</b>	<b>-</b>	<b>41,394</b>
<b>FUND EQUITY AND OTHER CREDITS:</b>				
Investment in Fixed Assets	-	-	-	-
Contributed Capital	-	-	-	-
Retained Earnings	-	-	-	-
Fund Balance/Equity:				
Reserved For:				
Encumbrances	6,960	984,993	-	138,804
Long-Term Assets and Long-Term Receivables	7,669	179,579	-	187
Statutorily Specified Amounts (See Note I-M)	458,679	-	-	5,578
Unreserved:				
Designated for Unrealized Investment Gains	13,111	25,927	-	6,415
Designated Other	-	1,081,111	9,474	229,436
Undesignated	(457,941)	-	-	3,178
<b>TOTAL FUND EQUITY AND OTHER CREDITS</b>	<b>28,478</b>	<b>2,271,610</b>	<b>9,474</b>	<b>383,598</b>
<b>TOTAL LIABILITIES, FUND EQUITY AND OTHER CREDITS</b>	<b>\$1,938,243</b>	<b>\$2,615,966</b>	<b>\$ 9,474</b>	<b>\$424,992</b>

See accompanying notes to the financial statements.

PROPRIETARY FUND TYPES		FIDUCIARY FUND TYPES	ACCOUNT GROUPS		COLLEGE AND UNIVERSITY FUNDS	MEMORANDUM ONLY	COMPONENT UNITS
ENTERPRISE	INTERNAL SERVICE	TRUST & AGENCY	GENERAL FIXED ASSETS	GENERAL LONG-TERM DEBT		TOTAL PRIMARY GOVERNMENT	
\$ 128,262	\$26,480	\$1,251,344	\$ -	\$ -	\$ 357,570	\$ 4,824,917	\$ 83,741
-	-	142,999	-	-	-	1,105,498	6,566
690,771	314	37,149	-	-	182,054	998,258	130,432
8,351	53	754	-	-	46,931	404,022	32,712
1,207	111	69,547	-	-	40,390	185,415	17,483
11,022	619	6	-	-	24,070	56,992	6,876
920	387	70	-	-	22,544	83,698	3,377
145,764	-	1,966,084	-	-	500,811	2,799,211	505,017
33,518	53,841	13,118	1,935,907	-	3,547,332	5,583,716	484,979
4,288	-	18,249	-	-	7,554	217,339	500,823
-	-	-	-	9,474	-	9,474	-
-	-	-	-	924,418	-	924,418	-
-	-	-	-	490,047	-	490,047	-
\$ 1,024,103	\$81,805	\$3,499,320	\$ 1,935,907	\$ 1,423,939	\$ 4,729,256	\$ 17,683,005	\$1,772,006
\$ -	\$ -	\$ 568	\$ -	\$ -	\$ -	\$ 379,203	\$ -
9,314	3,384	34,503	-	-	150,090	771,689	65,679
-	-	-	-	-	-	927,201	-
13,736	-	177,409	-	-	-	314,469	143,866
21,622	-	20,062	-	-	38,090	185,415	17,484
3,299	10,778	7,880	-	-	96,855	250,368	291
15	-	162,548	-	-	26,707	198,029	-
16,690	12,883	16,141	-	-	11,940	103,541	28,750
581	26,521	45	-	23,750	100,817	151,714	-
688,077	-	-	-	1,028,880	345,553	2,062,510	680,170
3,388	1,156	244	-	114,882	102,047	221,717	6,908
79,419	12	62,473	-	256,427	28,072	426,517	5,042
836,141	54,734	481,873	-	1,423,939	900,171	5,992,373	948,190
-	-	-	1,935,907	-	2,787,734	4,723,641	-
22,220	9,669	-	-	-	-	31,889	144,918
164,432	16,944	-	-	-	-	181,376	559,921
-	-	-	-	-	-	1,130,757	-
-	-	26,717	-	-	-	214,152	-
-	-	238,457	-	-	-	702,714	-
1,310	458	43,400	-	-	2,700	93,321	-
-	-	2,682,378	-	-	1,041,918	5,044,317	-
-	-	26,495	-	-	(3,267)	(431,535)	118,977
187,962	27,071	3,017,447	1,935,907	-	3,829,085	11,690,632	823,816
\$ 1,024,103	\$81,805	\$3,499,320	\$ 1,935,907	\$ 1,423,939	\$ 4,729,256	\$ 17,683,005	\$1,772,006

**COMBINED STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUNDS  
FOR THE YEAR ENDED JUNE 30, 2001  
AND DISCRETELY PRESENTED COMPONENT UNITS**

(DOLLARS IN THOUSANDS)

	GOVERNMENTAL FUND TYPES			
	GENERAL	SPECIAL REVENUE	DEBT SERVICE	CAPITAL PROJECTS
REVENUES:				
Taxes (See Note II-D)	\$5,386,411	\$ 1,002,340	\$ -	\$ -
Licenses, Permits, and Fines	174,989	330,505	-	1,466
Charges for Goods and Services	98,656	10,973	-	73
Investment Income	107,000	127,564	302	45,433
Federal Grants and Contracts	2,451,417	326,655	-	16,275
Other	165,614	54,285	1	3,435
<b>TOTAL REVENUES</b>	<b>8,384,087</b>	<b>1,852,322</b>	<b>303</b>	<b>66,682</b>
EXPENDITURES:				
Current:				
General Government	213,555	7,170	-	-
Business, Community and Consumer Affairs	210,740	17,682	-	-
Education	100,602	7,784	-	-
Health and Rehabilitation	459,749	7,270	-	-
Justice	789,742	55,661	-	-
Natural Resources	64,553	72,653	-	-
Social Assistance	2,367,340	-	-	-
Transportation	828	1,067,849	-	-
Capital Outlay	23,676	29,441	-	131,664
Intergovernmental:				
Cities	50,068	121,932	-	2,839
Counties	981,668	166,908	-	333
School Districts	2,388,524	379	-	-
Special Districts	65,091	13,725	-	1,997
Federal	1,982	696	-	197
Other	37,163	4,985	-	985
Deferred Compensation Distributions	-	-	-	-
Debt Service	14,666	16	39,164	-
<b>TOTAL EXPENDITURES</b>	<b>7,769,947</b>	<b>1,574,151</b>	<b>39,164</b>	<b>138,015</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>614,140</b>	<b>278,171</b>	<b>(38,861)</b>	<b>(71,333)</b>
OTHER FINANCING SOURCES (USES):				
Operating Transfer-In	194,892	83,568	42,593	322,730
Operating Transfer-Out	(1,022,927)	(198,939)	-	(269,527)
Proceeds of Bond Issuance	-	539,234	-	-
Capital Lease Proceeds	1,102	44	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(826,933)</b>	<b>423,907</b>	<b>42,593</b>	<b>53,203</b>
<b>EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES</b>	<b>(212,793)</b>	<b>702,078</b>	<b>3,732</b>	<b>(18,130)</b>
FUND BALANCE, FISCAL YEAR BEGINNING	257,151	1,569,532	5,742	401,728
Prior Period Adjustment (See Note III-L)	(15,880)	-	-	-
<b>FUND BALANCE, FISCAL YEAR END</b>	<b>\$ 28,478</b>	<b>\$ 2,271,610</b>	<b>\$ 9,474</b>	<b>\$ 383,598</b>

See accompanying notes to the financial statements.

FIDUCIARY FUND TYPES	MEMORANDUM ONLY		
	TOTAL		
	EXPENDABLE TRUST	PRIMARY GOVERNMENT	COMPONENT UNITS
\$ 185,982	\$ 6,574,733	\$ -	
26,889	533,849	-	
713	110,415	-	
33,384	313,683	2,764	
14,686	2,809,033	-	
84,992	308,327	-	
346,646	10,650,040	2,764	
3,450	224,175	-	
197,900	426,322	-	
4,109	112,495	-	
344	467,363	-	
6,023	851,426	-	
167	137,373	-	
4	2,367,344	-	
-	1,068,677	-	
164	184,945	-	
21,370	196,209	-	
13,084	1,161,993	-	
173	2,389,076	-	
3,940	84,753	-	
-	2,875	-	
15,166	58,299	-	
18,151	18,151	-	
5	53,851	-	
284,050	9,805,327	-	
62,596	844,713	2,764	
31,863	675,646	-	
(70,629)	(1,562,022)	(2,663)	
-	539,234	-	
-	1,146	-	
(38,766)	(345,996)	(2,663)	
23,830	498,717	101	
1,288,848	3,523,001	42,609	
36,697	20,817	-	
\$ 1,349,375	\$ 4,042,535	\$ 42,710	

**COMBINED STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES - BUDGETARY BASIS  
BUDGET AND ACTUAL - GENERAL FUNDED  
FOR THE YEAR ENDED JUNE 30, 2001**

(DOLLARS IN THOUSANDS)	ORIGINAL APPROPRIATION	FINAL SPENDING AUTHORITY	ACTUAL	(OVER)/UNDER SPENDING AUTHORITY
REVENUES AND TRANSFERS-IN:				
Sales and Other Excise Taxes			\$1,809,053	
Income Taxes			4,183,329	
Other Taxes			231,263	
Federal Grants and Contracts			14	
Sales and Services			1,099	
Interest Earnings			79,967	
Other Revenues			38,136	
Transfers-In			332,470	
TOTAL REVENUES AND TRANSFERS-IN			6,675,331	
EXPENDITURES AND TRANSFERS-OUT:				
Operating Budgets:				
Departmental:				
Agriculture	\$ 10,087	\$ 10,148	9,921	\$ 227
Corrections	420,594	423,426	417,301	6,125
Education	2,150,369	2,146,527	2,143,468	3,059
Governor	19,977	19,989	19,754	235
Health Care Policy and Financing	995,389	1,022,266	1,028,689	(6,423)
Higher Education	747,445	747,964	746,963	1,001
Human Services	499,473	491,664	489,940	1,724
Judicial Branch	206,112	206,520	205,328	1,192
Law	9,601	9,479	8,997	482
Legislative Branch	28,978	29,595	27,355	2,240
Local Affairs	12,518	13,276	12,895	381
Military Affairs	4,091	4,026	4,090	(64)
Natural Resources	29,046	29,497	29,163	334
Personnel	15,375	15,733	14,930	803
Public Health and Environment	33,510	34,145	33,484	661
Public Safety	57,154	57,567	56,663	904
Regulatory Agencies	1,980	1,982	1,975	7
Revenue	177,456	181,319	175,111	6,208
Transportation	1	1	1	-
Treasury	31,077	31,144	31,141	3
Fiscal Year 1999-00 TABOR Refund (Notes II-A, II-D)	815,500	941,129	941,129	-
SUB-TOTAL OPERATING BUDGETS	6,265,733	6,417,397	6,398,298	19,099

(Continued)

**COMBINED STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES - BUDGETARY BASIS  
BUDGET AND ACTUAL - GENERAL FUNDED  
FOR THE YEAR ENDED JUNE 30, 2001 (Continued)**

(DOLLARS IN THOUSANDS)	ORIGINAL APPROPRIATION	FINAL SPENDING AUTHORITY	ACTUAL	(OVER)/UNDER SPENDING AUTHORITY
Capital and Multi-Year Budgets:				
Departmental:				
Agriculture	1,847	6,401	1,930	4,471
Corrections	61,443	112,982	32,953	80,029
Education	678	7,952	3,031	4,921
Governor	-	4,691	1,964	2,727
Health Care Policy and Financing	805	9,330	1,545	7,785
Higher Education	199,397	351,125	173,189	177,936
Human Services	32,210	58,741	31,732	27,009
Judicial Branch	582	1,443	192	1,251
Law	54	89	45	44
Local Affairs	5,000	3,044	1,235	1,809
Military Affairs	1,079	2,650	720	1,930
Natural Resources	-	1,686	1,686	-
Personnel	39,484	68,263	31,196	37,067
Public Health and Environment	3,000	8,443	3,988	4,455
Public Safety	4,853	19,901	10,010	9,891
Revenue	(1,624)	3,130	3,064	66
Transportation	(7,496)	97,133	64,362	32,771
Budgets/Transfers Not Booked by Department	279,131	288,696	288,696	-
SUB-TOTAL CAPITAL AND MULTI-YEAR BUDGETS	620,443	1,045,700	651,538	394,162
TOTAL EXPENDITURES AND TRANSFERS-OUT	\$6,886,176	\$7,463,097	7,049,836	\$ 413,261
EXCESS OF REVENUES AND TRANSFERS-IN OVER (UNDER) EXPENDITURES AND TRANSFERS-OUT			<u>\$ (374,505)</u>	

See accompanying notes to the financial statements.

**COMBINED STATEMENT OF REVENUES, EXPENDITURES/EXPENSES,  
AND CHANGES IN FUND BALANCES/EQUITY - BUDGETARY BASIS  
BUDGET AND ACTUAL - CASH FUNDED  
FOR THE YEAR ENDED JUNE 30, 2001**

(DOLLARS IN THOUSANDS)	ORIGINAL APPROPRIATION	FINAL SPENDING AUTHORITY	ACTUAL	(OVER)/UNDER SPENDING AUTHORITY
REVENUES AND TRANSFERS-IN:				
Sales and Other Excise Taxes			\$ 738,328	
Income Taxes			164,266	
Other Taxes			442,369	
Tuition and Fees			547,164	
Sales and Services			838,615	
Interest Earnings			348,077	
Other Revenues			1,307,756	
Transfers-In			4,135,066	
<b>TOTAL REVENUES AND TRANSFERS-IN</b>			<b>8,521,641</b>	
EXPENDITURES/EXPENSES AND TRANSFERS-OUT:				
Operating Budgets:				
Departmental:				
Agriculture	\$ 19,498	\$ 19,527	18,825	\$ 702
Corrections	54,225	54,176	45,953	8,223
Education	2,098,001	2,089,286	2,088,470	816
Governor	15,075	16,926	9,688	7,238
Health Care Policy and Financing	128,634	150,463	133,919	16,544
Higher Education	1,544,259	1,544,568	1,447,383	97,185
Human Services	690,869	256,250	245,798	10,452
Judicial Branch	52,501	50,268	42,023	8,245
Labor and Employment	254,506	254,982	250,643	4,339
Law	22,252	23,541	21,486	2,055
Legislative Branch	3,411	5,532	2,753	2,779
Local Affairs	133,035	135,581	77,605	57,976
Military Affairs	537	537	518	19
Natural Resources	256,583	255,699	167,930	87,769
Personnel	280,538	282,489	264,851	17,638
Public Health and Environment	72,830	75,108	57,369	17,739
Public Safety	81,845	83,508	81,066	2,442
Regulatory Agencies	66,464	68,495	66,368	2,127
Revenue	536,066	538,873	478,501	60,372
State	11,511	11,721	10,222	1,499
Transportation	513,956	92,516	75,312	17,204
Treasury	1,096,675	1,097,025	1,094,106	2,919
<b>SUB-TOTAL OPERATING BUDGETS</b>	<b>7,933,271</b>	<b>7,107,071</b>	<b>6,680,789</b>	<b>426,282</b>
Capital and Multi-Year Budgets:				
Departmental:				
Corrections	7,611	9,079	1,040	8,039
Education	-	209	-	209
Governor	2,200	2,156	999	1,157
Health Care Policy and Financing	-	94	23	71
Higher Education	91,822	60,537	24,317	36,220
Human Services	3,197	8,103	4,390	3,713
Labor and Employment	31,305	51,545	22,799	28,746
Law	166	333	170	163
Military Affairs	-	106	99	7
Natural Resources	131,032	171,952	59,272	112,680
Personnel	19,779	41,615	9,778	31,837
Public Health and Environment	500	17,486	2,278	15,208
Public Safety	(145)	1,012	1,012	-
Regulatory Agencies	-	1,901	-	1,901
Revenue	909	2,778	391	2,387
Transportation	1,666,150	1,670,144	803,712	866,432
Budgets/Transfers Not Booked by Department	746	746	746	-
<b>SUB-TOTAL CAPITAL AND MULTI-YEAR BUDGETS</b>	<b>1,955,272</b>	<b>2,039,796</b>	<b>931,026</b>	<b>1,108,770</b>
<b>TOTAL EXPENDITURES/EXPENSES AND TRANSFERS-OUT</b>	<b>\$9,888,543</b>	<b>\$9,146,867</b>	<b>7,611,815</b>	<b>\$1,535,052</b>
EXCESS OF REVENUES AND TRANSFERS-IN OVER/(UNDER) EXPENDITURES/EXPENSES AND TRANSFERS-OUT			<b>\$ 909,826</b>	

See accompanying notes to the financial statements.

**COMBINED STATEMENT OF REVENUES, EXPENDITURES/EXPENSES,  
AND CHANGES IN FUND BALANCES/EQUITY - BUDGETARY BASIS  
BUDGET AND ACTUAL - FEDERALLY FUNDED  
FOR THE YEAR ENDED JUNE 30, 2001**

(DOLLARS IN THOUSANDS)				
	ORIGINAL APPROPRIATION	FINAL SPENDING AUTHORITY	ACTUAL	(OVER)/UNDER SPENDING AUTHORITY
REVENUES AND TRANSFERS-IN:				
Federal Grants and Contracts			\$2,890,550	
TOTAL REVENUES AND TRANSFERS-IN			2,890,550	
Capital and Multi-Year Budgets:				
Departmental:				
Agriculture	\$ 1,098	\$ 2,531	1,111	\$ 1,420
Corrections	10,705	13,388	5,676	7,712
Education	265,669	365,010	244,787	120,223
Governor	14,444	22,986	15,871	7,115
Health Care Policy and Financing	1,083,607	1,161,292	1,144,926	16,366
Higher Education	5,464	67,957	59,342	8,615
Human Services	487,102	831,580	670,183	161,397
Judicial Branch	2,189	5,476	3,771	1,705
Labor and Employment	80,945	115,345	72,437	42,908
Law	778	909	793	116
Local Affairs	37,396	91,423	51,659	39,764
Military Affairs	113,277	9,566	5,400	4,166
Natural Resources	14,641	38,263	23,131	15,132
Personnel	52	76	68	8
Public Health and Environment	150,155	201,717	166,119	35,598
Public Safety	26,336	76,626	34,442	42,184
Regulatory Agencies	827	2,149	1,305	844
Revenue	866	2,906	1,553	1,353
Transportation	292,811	579,264	317,182	262,082
Treasury	-	65,295	65,204	91
SUB-TOTAL CAPITAL AND MULTI-YEAR BUDGETS	2,588,362	3,653,759	2,884,960	768,799
TOTAL EXPENDITURES/EXPENSES AND TRANSFERS-OUT	\$2,588,362	\$3,653,759	2,884,960	\$ 768,799
EXCESS OF REVENUES AND TRANSFERS-IN OVER/(UNDER) EXPENDITURES/EXPENSES AND TRANSFERS-OUT			\$ 5,590	

See accompanying notes to the financial statements.

**COMBINED STATEMENT OF REVENUES, EXPENSES,  
AND CHANGES IN FUND EQUITY  
ALL PROPRIETARY FUND TYPES AND SIMILAR TRUST FUNDS  
FOR THE YEAR ENDED JUNE 30, 2001  
AND DISCRETELY PRESENTED COMPONENT UNITS**

(DOLLARS IN THOUSANDS)	PROPRIETARY FUND TYPES	
	ENTERPRISE	INTERNAL SERVICE
OPERATING REVENUES:		
Licenses and Permits	\$ 46	\$ -
Charges for Goods and Services	426,504	196,066
Investment and Rental Income	65,083	8,993
Federal Grants and Contracts	64,788	-
Other	5,843	277
TOTAL OPERATING REVENUES	562,264	205,336
OPERATING EXPENSES:		
Salaries & Fringe Benefits	51,444	18,438
Operating and Travel	163,124	159,428
Cost of Goods Sold	35,159	4,588
Depreciation and Amortization	5,036	16,198
Intergovernmental Distributions	4,243	2
Prizes and Awards	215,084	2
Other	-	-
TOTAL OPERATING EXPENSES	474,090	198,656
OPERATING INCOME (LOSS)	88,174	6,680
NON-OPERATING REVENUES AND (EXPENSES):		
Taxes	-	-
Fines and Settlements	1	750
Interest and Rents	3,738	1,041
Grants and Donations	591	-
Intergovernmental Distributions	(39,642)	-
Federal Grants and Contracts	730	-
State Funds	-	-
Debt Service	(176)	(2,045)
Other	-	-
TOTAL NON-OPERATING REVENUES (EXPENSES)	(34,758)	(254)
INCOME (LOSS) BEFORE OPERATING TRANSFERS	53,416	6,426
OPERATING TRANSFERS:		
Operating Transfer-In	264	5,037
Operating Transfer-Out	(41,722)	(3,010)
TOTAL OPERATING TRANSFERS	(41,458)	2,027
NET INCOME/CHANGE IN RETAINED EARNINGS	11,958	8,453
FUND EQUITY, FISCAL YEAR BEGINNING	96,894	18,618
Additions (Deductions) to Contributed Capital (See Note III-N)	341	-
Prior Period/Other Adjustments (See Note III-L)	78,769	-
FUND EQUITY, FISCAL YEAR END	\$ 187,962	\$ 27,071

See accompanying notes to the financial statements.

FIDUCIARY FUND TYPES	MEMORANDUM ONLY	
	TOTAL	
NONEXPENDABLE TRUST	PRIMARY GOVERNMENT	COMPONENT UNITS
\$ -	\$ 46	\$ -
-	622,570	320,766
68,121	142,197	31,207
-	64,788	-
87	6,207	17,823
68,208	835,808	369,796
-	69,882	132,051
-	322,552	129,756
-	39,747	58,996
-	21,234	28,638
-	4,245	-
-	215,086	-
-	-	10,709
-	672,746	360,150
68,208	163,062	9,646
-	-	37,350
18,048	18,799	-
-	4,779	7,718
-	591	-
-	(39,642)	-
-	730	-
-	-	3,492
-	(2,221)	(6,032)
-	-	(246)
18,048	(16,964)	42,282
86,256	146,098	51,928
35,753	41,054	2,663
(20,111)	(64,843)	-
15,642	(23,789)	2,663
101,898	122,309	54,591
622,831	738,343	589,840
-	341	60,408
-	78,769	-
\$724,729	\$939,762	\$704,839

**COMBINED STATEMENT OF CASH FLOWS**  
**ALL PROPRIETARY FUND TYPES AND SIMILAR TRUST FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2001**  
**AND DISCRETELY PRESENTED COMPONENT UNITS**

(DOLLARS IN THOUSANDS)

	<b>PROPRIETARY FUND TYPES</b>	
	<b>ENTERPRISE</b>	<b>INTERNAL SERVICE</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Cash Received from:		
Fees for Service	\$ 28,709	\$ 144,302
Sales of Products	389,256	52,125
Grants and Contracts	59,605	-
Loan Repayments	146,548	-
Other Sources	7,394	1,186
Cash Payments to:		
Employees	(45,287)	(16,597)
Suppliers	(78,258)	(48,537)
Lottery Prizes and Sales Commissions	(244,020)	-
Health Claims and Premiums	-	(122,912)
Others for Student Loans and Loan Losses	(161,106)	-
Other Governments	(4,243)	(2)
Other	(12,057)	(448)
Component Unit Cash Flows from Operating Activities	-	-
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>86,541</b>	<b>9,117</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>		
Transfers-In	264	5,038
Transfers-Out	(41,722)	(3,010)
Intergovernmental Distributions	(37,491)	-
NonCapital Debt Service	(67,450)	-
<b>NET CASH FROM NONCAPITAL FINANCING ACTIVITIES</b>	<b>(146,399)</b>	<b>2,028</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>		
Acquisition of Capital Assets	(2,317)	(501)
Proceeds from Sale of Capital Assets	10	1,808
Income from Property	1,038	7,016
Proceeds from Issuance of Capital Debt	-	-
Principal Paid on Capital Debt	(100)	-
Interest Payments	(191)	(117)
Capital Lease Payments	(151)	(15,459)
Taxes	-	-
Bond Defeasance and Refunding	-	-
Received from Borrowers	-	-
Disbursements to Borrowers	-	-
Capitalization Grants Received	-	-
<b>NET CASH FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<b>(1,711)</b>	<b>(7,253)</b>

(Continued)

<b>FIDUCIARY FUND TYPES</b>	<b>MEMORANDUM ONLY TOTAL</b>	
	<b>PRIMARY GOVERNMENT</b>	<b>COMPONENT UNITS</b>
NONEXPENDABLE TRUST		
\$ -	\$ 173,011	\$ -
-	441,381	-
-	59,605	-
-	146,548	-
19,004	27,584	-
-	(61,884)	-
-	(126,795)	-
-	(244,020)	-
-	(122,912)	-
-	(161,106)	-
-	(4,245)	-
-	(12,505)	-
-	-	17,917
19,004	114,662	17,917
35,755	41,057	6,651
(24,234)	(68,966)	(496)
-	(37,491)	-
-	(67,450)	-
11,521	(132,850)	6,155
-	(2,818)	(88,450)
77	1,895	-
16,054	24,108	-
-	-	93,694
-	(100)	(34,500)
-	(308)	(14,964)
-	(15,610)	(1)
-	-	36,845
-	-	(38,124)
-	-	23,654
-	-	(102,994)
-	-	26,106
16,131	7,167	(98,734)

**COMBINED STATEMENT OF CASH FLOWS**  
**ALL PROPRIETARY FUND TYPES AND SIMILAR TRUST FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2001**  
**AND DISCRETELY PRESENTED COMPONENT UNITS (Continued)**

(DOLLARS IN THOUSANDS)	PROPRIETARY FUND TYPES	
	ENTERPRISE	INTERNAL SERVICE
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest and Dividends on Investments	20,641	2,066
Proceeds from Sales of Investments	365,675	-
Purchases of Investments	(328,615)	-
Net (Increase)Decrease in Investments	-	-
NET CASH FROM INVESTING ACTIVITIES	57,701	2,066
NET INCREASE (DECREASE) IN CASH AND POOLED CASH	(3,868)	5,958
CASH AND POOLED CASH , FISCAL YEAR BEGINNING	83,898	20,522
Prior Period Adjustment	48,232	-
CASH AND POOLED CASH, FISCAL YEAR END	128,262	26,480
RECONCILIATION TO THE COMBINED BALANCE SHEET		
Add: Expendable Trust Funds	-	-
Investment and Pension Trust Funds	-	-
Agency Funds	-	-
CASH AND POOLED CASH, FISCAL YEAR END	\$ 128,262	\$ 26,480

RECONCILIATION OF OPERATING INCOME TO NET CASH  
PROVIDED BY OPERATING ACTIVITIES

Operating Income (Loss)	\$ 88,174	\$ 6,680
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:		
Depreciation	5,035	16,198
Investment/Rental Income and Other Revenue in Operating Income	27,361	(8,995)
Fines, Donations, and Grants and Contracts in NonOperating	1,322	750
Loss on Disposal of Fixed Assets	678	-
Compensated Absences	202	25
Interest and Other Expense in Operating Income	405	118
Provision for Bad Debts	-	-
Net Changes in Assets and Liabilities Related to Operating Activities:		
(Increase) Decrease in Operating Receivables	(37,372)	473
(Increase) Decrease in Inventories	1,532	(43)
(Increase) Decrease in Other Operating Assets	477	(142)
Increase (Decrease) in Accounts Payable	(788)	(4,374)
Increase (Decrease) in Other Operating Liabilities	(485)	(1,573)
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 86,541	\$ 9,117

SUPPLEMENTARY INFORMATION - NONCASH TRANSACTIONS (See Note III-B):

Fixed Assets Transferred from General Fixed Asset Account Group	341	-
Unrealized Gain/(Loss) on Investments	(7,749)	-
Loss on Disposal of Fixed Assets	707	674
Assumption of Capital Lease Obligation	182	12,426

See accompanying notes to the financial statements.

<b>FIDUCIARY FUND TYPES</b>	<b>MEMORANDUM ONLY TOTAL</b>	
<b>NONEXPENDABLE TRUST</b>	<b>PRIMARY GOVERNMENT</b>	<b>COMPONENT UNITS</b>
24,628	47,335	8,365
79,390	445,065	375,504
(88,217)	(416,832)	(274,261)
-	-	(20,031)
15,801	75,568	89,577
62,457	64,547	14,915
30,847	135,267	62,225
-	48,232	-
93,304	248,046	77,140
911,072	911,072	6,601
14,809	14,809	-
232,159	232,159	-
\$ 1,251,344	\$ 1,406,086	\$ 83,741

\$ 68,208      \$ 163,062      \$ 9,646

-	21,233	28,638
(68,123)	(49,757)	(2,005)
18,048	20,120	-
-	678	-
-	227	-
-	523	10,135
-	-	13,645
3	(36,896)	(28,447)
-	1,489	(1,940)
75	410	(1,969)
(2)	(5,164)	(13,227)
795	(1,263)	3,441
\$ 19,004	\$ 114,662	\$ 17,917

-      341      -  
26,475      18,726      -  
-      1,381      -  
-      12,608      -

**STATEMENT OF NET ASSETS**  
**ALL PENSION AND INVESTMENT TRUST FUNDS**  
**AT JUNE 30, 2001**  
**AND DISCRETELY PRESENTED COMPONENT UNITS**

(DOLLARS IN THOUSANDS)

	<b>PRIMARY GOVERNMENT</b>		<b>COMPONENT UNITS</b>
	<b>INVESTMENT TRUST</b>	<b>PENSION TRUST</b>	<b>PENSION TRUST</b>
	<b>COLORADO COMPENSATION INSURANCE AUTHORITY</b>	<b>DEFINED CONTRIBUTION PLAN</b>	<b>UNIVERSITY OF COLORADO HOSPITAL AUTHORITY</b>
ASSETS:			
Cash and Pooled Cash	\$ 14,804	\$ 5	\$ -
Other Receivables, net	13,391	-	-
Investments	912,424	2,719	-
Externally Restricted Under Pension Plan	-	-	76,267
<b>TOTAL ASSETS</b>	<b>940,619</b>	<b>2,724</b>	<b>76,267</b>
LIABILITIES:			
<b>TOTAL LIABILITIES</b>	<b>-</b>	<b>-</b>	<b>-</b>
NET ASSETS:			
Held in Trust for Pension Plan Participants	-	2,719	76,267
Held in Trust for Investment Trust Participants	920,321	-	-
Designated for Unrealized Gains	20,298	-	-
Unreserved Undesignated	-	5	-
<b>TOTAL NET ASSETS HELD IN TRUST FOR PARTICIPANTS</b>	<b>\$ 940,619</b>	<b>\$ 2,724</b>	<b>\$ 76,267</b>

See accompanying notes to the financial statements.

The Investment Trust and Pension Trust Fund balances of the Primary Government shown above are included in the Trust and Agency Fund Type balances shown on the *Combined Balance Sheet - All Fund Types, Account Groups, and Discretely Presented Component Units*. The Pension Trust Fund balances of the University of Colorado Hospital Authority shown above are included in the Component Units column of the *Combined Balance Sheet - All Fund Types, Account Groups, and Discretely Presented Component Units*.

**STATEMENT OF CHANGES IN NET ASSETS  
ALL PENSION AND INVESTMENT TRUST FUNDS  
FOR THE YEAR ENDED JUNE 30, 2001  
AND DISCRETELY PRESENTED COMPONENT UNITS**

(DOLLARS IN THOUSANDS)

	<b>PRIMARY GOVERNMENT</b>		<b>COMPONENT UNITS</b>
	<b>INVESTMENT TRUST</b>	<b>PENSION TRUST</b>	<b>PENSION TRUST</b>
	<b>COLORADO COMPENSATION INSURANCE AUTHORITY</b>	<b>DEFINED CONTRIBUTION PLAN</b>	<b>UNIVERSITY OF COLORADO HOSPITAL AUTHORITY</b>
ADDITIONS:			
Additions By Participants	\$ 401,380	\$ 1,329	\$ 5,925
Investment Income	90,566	(234)	1,862
TOTAL ADDITIONS	491,946	1,095	7,787
DEDUCTIONS:			
Deductions By Participants	332,677	173	1,706
Administrative Expense	-	-	452
Other Deductions	-	2	-
TOTAL DEDUCTIONS	332,677	175	2,158
NET INCREASE (DECREASE) IN ASSETS	159,269	920	5,629
NET ASSETS AVAILABLE			
Beginning of the Year	781,350	1,804	70,638
End of the Year	\$ 940,619	\$ 2,724	\$ 76,267

See accompanying notes to the financial statements.

**COMBINED BALANCE SHEET  
ALL COLLEGE AND UNIVERSITY FUNDS  
AT JUNE 30, 2001**

(DOLLARS IN THOUSANDS)	CURRENT FUNDS		LOAN FUNDS	ENDOWMENT FUNDS
	UNRESTRICTED	RESTRICTED		
<b>ASSETS:</b>				
Cash and Pooled Cash	\$187,916	\$ 19,291	\$ 4,646	\$ 16,361
Accounts Receivable:				
Tuition, Fees, Charges for Services, net	59,412	30,233	59	-
Intergovernmental	446	45,545	222	-
Other	3,201	59	229	21
Subtotal Accounts Receivable	63,059	75,837	510	21
Loans and Notes Receivable, net	1,023	-	85,094	-
Due From Other Funds	29,751	5,655	-	150
Inventories	24,070	-	-	-
Other Current Assets	20,423	1,162	5	-
Investments	210,658	31,062	6,912	84,692
Plant Facilities:				
Land and Improvements	-	-	-	4,312
Buildings and Improvements, net	-	-	-	-
Leasehold Improvements, net	-	-	-	-
Construction in Progress	-	-	-	-
Equipment, net	-	-	-	-
Library Books	-	-	-	-
Other Fixed Assets	-	-	-	-
Subtotal Plant Facilities	-	-	-	4,312
Other Long-Term Assets	5,878	-	-	-
<b>TOTAL ASSETS</b>	<b>\$542,778</b>	<b>\$133,007</b>	<b>\$97,167</b>	<b>\$ 105,536</b>
<b>LIABILITIES:</b>				
Accounts Payable and Accrued Liabilities	\$ 98,970	\$ 29,139	\$ 38	\$ -
Due To Other Funds	8,160	8,473	-	7,415
Deferred Revenue	90,816	5,469	-	-
Other Current Liabilities	19,411	666	1,395	259
Capital Lease Obligations	-	-	-	-
Notes and Bonds Payable	20	8	-	-
Accrued Compensated Absences	101,793	254	-	-
Other Long-Term Liabilities	27,683	-	50	-
<b>TOTAL LIABILITIES</b>	<b>346,853</b>	<b>44,009</b>	<b>1,483</b>	<b>7,674</b>
<b>FUND BALANCE:</b>				
Investment in Fixed Assets	-	-	-	-
Designated for Unrealized Investment Gains	1,835	694	-	-
Restricted	-	88,304	95,684	97,862
Unrestricted:				
Designated	197,357	-	-	-
Undesignated	(3,267)	-	-	-
<b>TOTAL FUND BALANCE</b>	<b>195,925</b>	<b>88,998</b>	<b>95,684</b>	<b>97,862</b>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$542,778</b>	<b>\$133,007</b>	<b>\$97,167</b>	<b>\$ 105,536</b>

See accompanying notes to the financial statements.

PLANT FUNDS			AGENCY FUNDS	MEMORANDUM ONLY
UNEXPENDED	RETIREMENT OF INDEBTEDNESS	INVESTMENT IN PLANT		TOTALS
\$ 111,738	\$ 6,234	\$ -	\$ 11,384	\$ 357,570
698	1	-	1,870	92,273
623	8	-	87	46,931
93	61	-	-	3,664
1,414	70	-	1,957	142,868
-	-	-	-	86,117
4,825	-	-	9	40,390
-	-	-	-	24,070
892	19	-	43	22,544
152,838	9,010	-	5,639	500,811
-	-	224,858	-	229,170
-	-	2,120,841	-	2,120,841
-	-	5,010	-	5,010
362,989	-	1,270	-	364,259
-	-	518,989	-	518,989
-	-	307,216	-	307,216
394	-	1,453	-	1,847
363,383	-	3,179,637	-	3,547,332
199	-	1,477	-	7,554
\$ 635,289	\$ 15,333	\$ 3,181,114	\$ 19,032	\$ 4,729,256
\$ 13,294	\$ 2,933	\$ 4	\$ 5,712	\$ 150,090
5,416	147	8,345	134	38,090
309	-	99	162	96,855
17	111	3,764	13,024	38,647
2,019	213	98,585	-	100,817
61,825	1,140	282,560	-	345,553
-	-	-	-	102,047
21	295	23	-	28,072
82,901	4,839	393,380	19,032	900,171
-	-	2,787,734	-	2,787,734
55	116	-	-	2,700
552,333	10,378	-	-	844,561
-	-	-	-	197,357
-	-	-	-	(3,267)
552,388	10,494	2,787,734	-	3,829,085
\$ 635,289	\$ 15,333	\$ 3,181,114	\$ 19,032	\$ 4,729,256

**COMBINED STATEMENT OF CHANGES IN FUND BALANCE  
ALL COLLEGE AND UNIVERSITY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2001**

(DOLLARS IN THOUSANDS)	CURRENT FUNDS		LOAN FUNDS	ENDOWMENT FUNDS
	UNRESTRICTED	RESTRICTED		
REVENUES AND OTHER ADDITIONS:				
Tuition and Fees	\$ 690,593	\$ -	\$ -	\$ -
Federal Grants and Contracts	14,049	592,620	1,031	-
State and Local Grants and Contracts	586	43,852	-	-
Private Gifts, Grants, and Contracts	1,656	172,917	26	1,021
Indirect Cost Recoveries	112,764	-	-	-
Investment Income	32,607	8,008	407	(6,222)
Sales and Services of Educational Activities	111,769	78	-	-
Sales and Services of Auxiliaries and Hospitals	319,665	-	-	-
Gain (Loss) on Debt Extinguishment	-	-	-	-
Interest on Loans Receivable	-	-	2,069	-
Retirement of Indebtedness	-	-	-	-
Additions to Plant Facilities	-	-	-	-
Other Revenues and Additions	58,038	1,554	1,002	685
TOTAL REVENUES AND OTHER ADDITIONS	1,341,727	819,029	4,535	(4,516)
EXPENDITURES AND OTHER DEDUCTIONS:				
Educational and General:				
Instructional	787,661	119,112	-	-
Research	45,634	390,437	-	-
Public Service	61,695	46,203	-	-
Academic Support	179,095	16,243	-	-
Student Services	135,091	13,723	-	-
Institutional Support	152,248	10,401	-	-
Operation of Plant	153,016	3,208	-	-
Scholarships and Fellowships	42,133	147,201	-	-
Subtotal Educational and General	1,556,573	746,528	-	-
Auxiliaries and Hospitals	314,645	8,633	-	-
Indirect Cost Charges	595	111,982	187	-
Loan Cancellation and Write-off	-	-	1,074	-
Expended for Plant Facilities	-	-	-	-
Retirement of Indebtedness	-	-	-	-
Interest on Indebtedness	-	-	-	-
Disposal of Plant Facilities	-	-	-	-
Other Expenditures and Deductions	46	2	511	2,203
TOTAL EXPENDITURES AND OTHER DEDUCTIONS	1,871,859	867,145	1,772	2,203
TRANSFERS BETWEEN FUNDS - ADDITIONS (DEDUCTIONS):				
Mandatory Transfers In (Out)	(47,229)	(2)	283	24
Nonmandatory Transfers In (Out)	(62,703)	(16,314)	(198)	1,627
Net Operating Transfers From State Funds	662,142	81,081	-	251
TOTAL EXPENDITURES, DEDUCTIONS AND TRANSFERS	1,319,649	802,380	1,687	301
NET INCREASE (DECREASE) IN FUND BALANCE	22,078	16,649	2,848	(4,817)
FUND BALANCE, JULY 1	173,847	72,349	92,836	102,679
Prior Period Adjustment (See Note III-L)	-	-	-	-
FUND BALANCE, JUNE 30	\$ 195,925	\$ 88,998	\$ 95,684	\$ 97,862

See accompanying notes to the financial statements.

PLANT FUNDS			MEMORANDUM
UNEXPENDED	RETIREMENT OF INDEBTEDNESS	INVESTMENT IN PLANT	ONLY TOTALS
\$ -	\$ -	\$ -	\$ 690,593
296	167	-	608,163
150	-	-	44,588
10,178	878	2,568	189,244
-	-	-	112,764
17,952	681	-	53,433
-	-	-	111,847
-	-	-	319,665
-	(221)	(1,051)	(1,272)
-	-	-	2,069
3,257	221	34,188	37,666
76	-	366,438	366,514
8,269	-	2,457	72,005
40,178	1,726	404,600	2,607,279
-	-	-	906,773
-	-	-	436,071
-	-	-	107,898
-	-	-	195,338
-	-	-	148,814
-	-	-	162,649
-	-	-	156,224
-	-	-	189,334
-	-	-	2,303,101
-	-	-	323,278
-	-	-	112,764
-	-	-	1,074
277,079	-	-	277,079
105	36,940	-	37,045
1,354	23,152	69	24,575
-	-	124,170	124,170
15,552	193	1,711	20,218
294,090	60,285	125,950	3,223,304
(6,172)	53,085	11	-
76,014	1,453	121	-
166,691	-	-	910,165
57,557	5,747	125,818	2,313,139
(17,379)	(4,021)	278,782	294,140
575,129	14,515	2,515,005	3,546,360
(5,362)	-	(6,053)	(11,415)
\$552,388	\$10,494	\$2,787,734	\$3,829,085

## NOTES TO THE FINANCIAL STATEMENTS

### NOTE I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying general purpose financial statements of the State of Colorado have been prepared in conformance with generally accepted accounting principles for governments as prescribed by the Governmental Accounting Standards Board (GASB), which is the primary standard setting body for establishing governmental accounting and financial reporting principles.

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, the disclosed amount of contingent liabilities at the date of the financial statements, and the reported amounts of revenues, expenditures/expenses during the reporting period. Actual results could differ from those estimates.

#### A. REPORTING ENTITY

For financial reporting purposes, the State of Colorado's primary government includes all funds and account groups of the state, its departments, agencies, and state funded institutions of higher education that make up the state's legal entity. The state's reporting entity also includes those component units, which are legally separate entities, for which the state's elected officials are financially accountable.

Financial accountability is defined in GASB Statement No. 14 – The Financial Reporting Entity. The state is financially accountable for those entities for which the state appoints a voting majority of the governing board, and either is able to impose its will upon the entity or there exists a financial benefit or burden relationship with the state. For those entities that the state does not appoint a voting majority of the governing board, GASB Statement No. 14 includes them in the reporting entity if they are fiscally dependent. Entities that do not meet the criteria for inclusion may still be included if it would be misleading to exclude them.

Discretely presented in the combined financial statements for the state are the following entities:

- Denver Metropolitan Major League Baseball Stadium District
- University of Colorado Hospital Authority
- Colorado Water Resources and Power Development Authority
- Colorado Uninsurable Health Insurance Plan

With the exception of the University of Colorado Hospital Authority, the majority of each governing board for these entities is appointed by the Governor and confirmed by the Senate. The Board of Regents of the University of Colorado appoints the board of the University of Colorado Hospital Authority.

The University of Colorado Hospital Authority and the Colorado Uninsurable Health Insurance Plan are included because they present a financial burden on the state. The Baseball Stadium District is included because its board serves at the pleasure of the Governor, and therefore, the state is able to impose its will upon the entity. The Water Resources and Power Development Authority is included because the state is able to impose its will upon the authority.

Detailed financial information may be obtained directly from these organizations at the following addresses:

Denver Metropolitan Major League Baseball Stadium District  
1701 Bryant Street, Suite 500  
Denver, Colorado 80204

University of Colorado Hospital Authority  
4200 East Ninth Avenue, Box A020  
Denver, Colorado 80262

Colorado Water Resources and Power Development Authority  
1580 Logan Street, Suite 620  
Denver, Colorado 80203

Colorado Uninsurable Health Insurance Plan  
1700 Broadway, Suite 430  
Denver, Colorado 80290

The following related organizations, for which the state appoints a voting majority of their governing boards, are not part of the reporting entity based on the criteria of GASB Statement No. 14:

- Colorado Compensation Insurance Authority  
(D.B.A. Pinnacol Assurance)
- Colorado Educational and Cultural Facilities Authority
- Colorado Health Facilities Authority
- Colorado Agricultural Development Authority
- Colorado Housing and Finance Authority
- Colorado Sheep and Wool Authority
- Colorado Beef Council Authority
- Fire and Police Benefit Association
- The State Board of the Great Outdoors
- Colorado Trust Fund

Even though the appointment of governing boards of these authorities is similar to those included in the reporting entity, the state does not impose its will, nor does it have a financial benefit or burden relationship with these entities. Detailed financial information may be obtained directly from these organizations.

Various college and university foundations exist for the benefit of the related state higher education institutions. These entities are included in the various note disclosures if they qualify as related parties or omitting them would be misleading.

The state has entered a joint operating agreement with the Huerfano County Hospital District to provide patient care at the Colorado State Veterans Nursing Home at Walsenburg. The facility is owned by the state but is operated by the hospital district under a twenty-year contract that is renewable at the district's option for successive ten-year terms up to 99 years from the original commencement date in November 1993.

The state's contract with the district states that the district is responsible for funding the operating deficits of the nursing home; however, since the state owns the nursing home, it retains ultimate financial responsibility for the home. Only the state's share of assets, liabilities, revenues and expenses associated with the joint operation are shown in these financial statements. These include the land, building, and some of the equipment for the nursing home as well as revenues and expenses associated with the state's on-site contract administrator. The state's pass-through of U.S. Veterans Administration's funds to the district is also shown as revenue and expense of the state.

## B. FUND STRUCTURE

### Primary Government

The financial activities of the state are organized on the basis of individual funds and account groups. Each fund is a separate accounting entity, in which the operations are recorded in discrete sets of self-balancing accounts that comprise the assets, liabilities, fund equity, revenues and expenditures, or expenses, of that entity. For financial statement presentation, similar funds have been combined into fund types and categories.

### GOVERNMENTAL FUND TYPES

#### General Fund

Transactions related to resources obtained and used for those services traditionally provided by state government, which are not accounted for in other funds, are accounted for in the General Fund. Resources obtained from federal grants that support general governmental activities are

accounted for in the General Fund consistent with applicable legal requirements.

#### Special Revenue Funds

Transactions related to resources obtained from specific sources, and restricted to specific purposes are accounted for in the special revenue funds. The individual funds include the Highway Fund, the Wildlife Fund, the Labor Fund, the Gaming Fund, the Water Projects Construction Fund, the Tobacco Litigation Settlement Fund, and the State Education Fund.

#### Debt Service Fund

This fund accounts for the accumulation of resources, principally transfers from other funds, for the payment of long-term debt principal and interest. The primary debt serviced by this fund consists of certain long-term lease purchase agreements and notes issued by the Department of Transportation to fund infrastructure.

#### Capital Projects Fund

Transactions related to resources obtained and used for acquisition, construction, or improvement of state owned facilities and certain equipment are accounted for in the capital projects fund.

### PROPRIETARY FUND TYPES

#### Enterprise Funds

These funds account for activities that are financed and operated in a manner much like private business enterprises. Costs of providing goods and services to the public, including depreciation, are recovered primarily through user charges.

#### Internal Service Funds

These funds account for the operations that provide goods or services on a cost-reimbursement basis to state agencies.

### FIDUCIARY FUND TYPES

#### Trust and Agency Funds

These funds account for assets held by the state in a trustee capacity or as an agent for other organizations or individuals. They include agency funds, expendable and nonexpendable trust funds, investment trust funds, and pension trust funds.

Agency funds are used to account for assets held for other funds, governments, or individuals. They are custodial in nature and do not involve the measurement of operations.

The expendable trust fund classification is used when both the principal and revenue earned may be expended for purposes designated by the trust agreement.

Nonexpendable trust funds require that the principal of the fund remains intact while only the earnings of the fund are expendable.

Individual investment trust funds are used to account for investments that are not in the treasurer's investment pool but are managed by the state treasurer for external entities.

A pension trust fund is used to account for the assets and liabilities arising from the contributions and benefits payable to participants in one of the state's pension plans. Participation in this defined contribution plan is limited to select employees – primarily legislators. Most state employees are covered by the defined benefit plan operated by the Public Employees Retirement Association. (See Note V.)

## ACCOUNT GROUPS

### General Fixed Assets Account Group

Land, buildings, equipment and other capital assets of the governmental fund types are accounted for in this group. Capital assets of the proprietary, trust, and the college and university funds are recorded in their respective funds and may be depreciated there. Infrastructure is not recorded in the state's accounting system or financial statements.

### General Long-term Debt Account Group

This group accounts for long-term liabilities of the governmental type funds, such as general liability, lease purchase obligations, employee leave obligations, notes, and employee workers' compensation claims. It also accounts for short-term risk management liabilities for which expendable financial resources are not available. Long-term obligations of the proprietary funds, trust funds, and the college and universities are accounted for in their respective funds.

## COLLEGE AND UNIVERSITY FUNDS

These funds account for the operations of the state-supported system of higher education. The College and University Funds consist of the following funds:

Current Funds Unrestricted account for economic resources that are expendable for any purpose in accomplishing the institutions' primary objectives.

Current Funds Restricted account for resources received from donors or other outside agencies, primarily the federal government, that are restricted for specific purposes.

Loan Funds account for resources available for student loans.

Endowment Funds account for resources contributed by donors. While the principal portion of the contribution must remain intact, earnings may be added to the principal or expended for restricted or unrestricted purposes.

Plant Funds account for resources available, acquisition costs, debt service requirements, and liabilities related to acquiring or repairing institutional properties.

Agency Funds account for resources held by the institution in a fiduciary capacity that it will distribute to designated beneficiaries.

## Component Units

The Denver Metropolitan Major League Baseball Stadium District uses proprietary fund accounting in preparation of its financial statements. The Colorado Uninsurable Health Insurance Plan (CUHIP) uses practices prescribed or permitted by the state's Division of Insurance. However, CUHIP's financial statements have been recast to conform to generally accepted accounting principles for presentation in these financial statements. The financial information for both entities is presented as of December 31, 2000.

The Colorado Water Resources and Power Development Authority uses proprietary fund accounting for its operations except for its expendable trust fund, which uses governmental fund accounting, and its agency fund, which records assets and liabilities on the modified accrual basis. The expendable trust fund accounts for assets held in a trustee capacity for Animas – LaPlata dam project in southwest Colorado. The agency fund accounts for unspent bond proceeds held in trustee capacity for local governments. The Authority's financial information is presented as of December 31, 2000.

The University of Colorado Hospital Authority uses proprietary fund accounting for their operations. The financial statements for the Hospital Authority's noncontributory defined benefit pension plan are prepared under the accrual basis of accounting. Financial information for the authority is presented as of June 30, 2001.

## C. BASIS OF ACCOUNTING

### Primary Government

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds and expendable trust funds are accounted for using a current financial resources measurement focus. Nonexpendable trust funds and proprietary funds are accounted for on a flow of economic resources measurement focus.

Governmental fund types, expendable trust funds, and agency funds are reported on the modified accrual basis. This basis of accounting recognizes revenues when they are measurable and available to finance current operations or to liquidate liabilities existing at fiscal year end.

Historical data, adjusted for economic trends, is used in the estimation of the following accruals:

- Sales, use, liquor, and cigarette taxes are accrued based on filings received and an estimate of filings due by June 30.
- Net income taxes from individuals, corporations, and trusts are accrued based on current income earned by the taxpayer before June 30. Quarterly filings, withholding statements, and other historical data are used to estimate the taxpayer's current income. The revenue is accrued net of an allowance for uncollectible taxes.

Revenues earned under the terms of reimbursement agreements with other governments or private sources are recorded at the time the related expenditures are made if other eligibility requirements have been met.

Expenditures are recognized during the period in which the fund liability is incurred, except for accumulated employee leave time, principal and interest on long-term debt, which is recorded when due, risk management liabilities in excess of the available current financial resources appropriated for that purpose, and inventories which are generally considered expenditures when consumed.

Special reporting treatment at year end is accorded to encumbrances. In the General Fund, a reserve for encumbrances is recorded at year end for the appropriation that will be rolled-forward to cover encumbrances. In the Capital Projects Fund and the Highway Fund, a reserve for encumbrances is established for the contracted legal obligations of the funds.

Proprietary fund types, and nonexpendable, investment and pension trust funds are reported on the full accrual basis. Using this basis, revenues are recognized when earned, and expenses, including depreciation, are recognized when the economic benefit of an asset is consumed or a liability is incurred.

College and university funds are reported on the accrual basis, except for depreciation related to plant fund assets, which is generally not recorded, and revenues and expenditures related to summer school programs which are recorded primarily in the subsequent fiscal year in accordance with the National Association of College and University Business Officer's Financial Accounting and Reporting Manual for Higher Education.

The state has determined that proprietary and non-expendable trust funds will apply all applicable GASB pronouncements, regardless of issue date, as well as the following pronouncements issued on or before November 10, 1989: FASB Statements and Interpretations, Accounting Principle Board Opinions, and Accounting Research Bulletins, unless those pronouncements conflict with, or contradict, GASB pronouncements.

## Component Units

The University of Colorado Hospital Authority has elected to adopt the provisions of the American Institute of Certified Public Accountants' Audit and Accounting Guide for Health Care Organizations. Under these provisions, the hospital has qualified as a governmental entity. In applying governmental GAAP, the hospital has elected to apply the provisions of all relevant pronouncements of FASB, including those issued after November 30, 1989 that do not conflict with or contradict GASB pronouncements.

## D. ELIMINATIONS

Substantially all intrafund transactions and balances of the primary government have been eliminated. Interfund sales and federal grant pass-throughs are not eliminated, but are shown as revenues and expenditures/expenses of the various funds. Substantially all other interfund transactions are classified as operating transfers-in or operating transfers-out after the revenues and expenditures/expenses are reported on each of the operating statements.

## E. INSURANCE

The state has agreements with the Colorado Compensation Insurance Authority (CCIA), a related party, to administer a Paid Loss/Retro Plan for workers' compensation insurance claims through June 30, 1996. For claims arising after that date, the state is self-insured for workers' compensation. The state reimburses CCIA for the current cost of claims paid and related administrative expenses. Actuarially determined liabilities are accrued for claims to be paid in future years.

The state insures its property through private carriers and is self-insured for general liability for both its officials and employees.

## F. TOTAL COLUMN ON COMBINED STATEMENTS

The total columns on the combined statements for the primary government are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or cash flows in conformity with generally accepted accounting principles. Nor are they comparable to a consolidation, as interfund eliminations have not been made in the aggregation of this data.

**G. CASH AND POOLED CASH****Primary Government**

For purposes of reporting cash flows, cash and pooled cash is defined as cash-on-hand, demand deposits, certificates of deposit with financial institutions, and pooled cash with the state treasurer.

**Component Units**

The University of Colorado Hospital Authority and the Colorado Uninsurable Health Insurance Plan consider highly liquid investments with an initial maturity of three months or less to be cash equivalents.

The Denver Metropolitan Major League Baseball Stadium District, and the Colorado Water Resources and Power Development Authority consider investments with maturity of three months or less when purchased to be cash equivalents.

**H. INVENTORY**

Inventories of the various state agencies primarily comprise finished goods inventories held for resale by Correctional Industries, and consumable items such as office and institutional supplies, fuel, and maintenance items.

Inventories of the governmental funds are stated at cost, while inventories of the proprietary funds are stated at the lower of cost or market. The state uses various valuation methods (FIFO, average cost, etc.) depending upon the state agency. The method used in each agency is consistent from year to year.

Consumable inventories that are deemed material are expended at the time they are consumed. Immaterial consumable inventories are expended at the time of purchase, while inventories held for resale are expensed at the time of sale.

**I. INVESTMENTS**

For the primary government, items classified as investments, including those held by the state treasurer and represented as pooled cash, are both short and long-term investments. These are stated at fair value except for certain money market investments. (See Note III-G.) Investments that do not have an established market are reported at their estimated fair value. The state treasurer records interest based on book yield as adjusted for amortization of premiums and discounts.

**J. PROPERTY, PLANT, AND EQUIPMENT****Primary Government**

Capital assets are carried at cost on the balance sheet. Donated capital assets are carried at their fair market value at the date of donation. The state capitalizes assets whose cost exceeds \$5,000.

Generally, the state capitalizes interest during the construction of general fixed assets. General fixed assets do not include infrastructure and are not depreciated. Assets in proprietary and nonexpendable trust are depreciated using the straight-line method.

State agencies are required to use actual experience in setting useful lives for depreciating their fixed assets; however, in the absence of such experience, the following useful lives are recommended:

Buildings	25-40 years
Improvements other than buildings	10-17 years
Furniture, machinery, and equipment	5-12 years

**Component Units**

The Denver Metropolitan Major League Baseball Stadium District capitalized interest costs during construction of the stadium; however, no interest expense was capitalized in 2000 or 1999. The University of Colorado Hospital Authority capitalizes interest during the construction of fixed assets. Due to the ongoing relocation of its main campus, the hospital evaluates long-lived assets annually for impairment. No adjustments for impairment have been recognized for the years ended June 30, 2001 or 2000. Both entities depreciate fixed assets over the estimated useful life of the asset class using the straight-line method.

**K. DEFERRED REVENUE**

Under reimbursement agreements, receipts from the federal government and other program sponsors are deferred until the related expenditures are made. Revenues related to taxes receivable that the state does not expect to collect until after the following fiscal year are deferred. In addition, it is the policy of the state's higher education institutions to defer summer school tuition to the following fiscal year.

**L. ACCRUED COMPENSATED ABSENCES LIABILITY****Primary Government**

State law concerning the accrual of sick leave was changed effective July 1, 1988. After that date all employees in

classified permanent positions within the State Personnel System accrue sick leave at the rate of 6.66 hours per month. Total sick leave per employee is limited to their respective accrued balance on July 1, 1988 plus 360 additional hours. After earning the maximum accrual each employee may convert five hours of sick leave to one hour of annual leave. Employees are paid for one-fourth of their unused sick leave upon death or retirement.

Annual leave is earned at increasing rates based on employment longevity. In no event can a classified employee accumulate more than 42 days of annual leave at the end of a fiscal year. Employees are paid 100 percent of their annual leave balance upon leaving state service.

Compensated absence liabilities related to the governmental funds are recorded in the General Long-Term Debt Account Group. For all other fund types, both current and long-term portions are recorded as individual fund liabilities.

### Component Units

Employees of the University of Colorado Hospital Authority use paid time off (PTO) for vacation, holidays, short-term illness, and personal absences. Extended illness pay (EIP) is used to continue salary during extended absences due to medical disability or serious health conditions. Both PTO and EIP earnings are based on length of service and actual hours worked. The hospital records PTO expense as earned. Accrued EIP is based solely on amounts estimated to become payable to that portion of the employee base which will ultimately retire from the hospital.

The Colorado Water Resources and Power Development Authority recognizes unused vacation benefits as they are earned.

## M. FUNDEQUITY

Reserved fund balance indicates that a portion of fund equity is not available for appropriation, or is legally segregated for a specific use. Unless a fund is in itself a legal segregation (such as, a special revenue or fiduciary fund), designated unreserved fund balances are not legally segregated, but rather, they indicate tentative management plans for future use of funds.

The fund balance of the General Fund is reserved as provided by statute or as provided by generally accepted accounting principles. The unreserved and undesignated portion of fund equity on the budgetary basis is available for appropriation or working capital. Since the state is prohibited by its constitution from incurring general obligation debt, the General Fund surplus on the budgetary basis must be positive at year end.

Reserves and designations of fund equity at June 30, include:

Reserved for Encumbrances - In the General Fund, this reserve is for the portion of the Fiscal Year 2000-01 appropriation that was encumbered for goods and services that were not received before June 30, 2001, due to extenuating circumstances. The specific appropriation related to these items is rolled-forward to Fiscal Year 2001-02.

In the Special Revenue and Capital Projects Funds this reserve represents purchase orders, contracts, and long-term contracts related to construction of major capital projects. Since the resources of these funds are often received after the long-term contracts are executed and recorded as encumbrances, the unreserved undesignated amount may reflect a deficit. When a deficit occurs it is funded by future proceeds of the fund.

Reserved for Long-Term Assets and Long-Term Receivables - These reserves in the governmental funds are used to reserve the portion of fund balance that relates to long-term interfund receivables and other long-term assets that are not offset by deferred revenue. These assets are not currently available for appropriation.

Reserved for Statutorily Specified Amounts - In the General Fund, the statutory reserve is for cash funds that are allowed to maintain restricted fund balances in the General Fund. These balances are not available for general appropriation. In addition, Colorado Revised Statutes 24-75-201.1(d)(III) requires that four percent of the amount appropriated for expenditure from the General Fund be reserved for that fiscal year. In Fiscal Year 2000-01, this amount should be \$213.67 million. Under generally accepted accounting principles no funds were available to meet this reserve requirement. However, due to delayed recognition of excess-revenue refunds under the state's budgetary basis, the reserve requirement was met and legal compliance was achieved. (See Note II-A.)

The statutory reserve in the Capital Projects Fund is the fund balance of the Corrections Expansion Reserve and certain other projects that are allowed to maintain a fund balance in the Capital Projects fund. These projects are not required to revert excess cash revenue to the Capital Projects Fund.

The statutory reserve in the Trust and Agency Funds is required by Article X, Section 20 (TABOR) of the State Constitution, which requires the reservation of three percent or more of fiscal year spending for emergencies. Fiscal year spending is defined in TABOR as all spending and reserve increases except for spending from certain excluded revenues. (See Note II-D.)

Designated for Unrealized Investment Gains - In all fund types, this designation represents the amount by which the

fair value of investments exceeds amortized cost. It is not equivalent to the net change in fair value of investments.

Designated Unreserved – In the Special Revenue Fund, this designation represents the legally segregated balances not otherwise reserved or designated as unavailable. In the Capital Projects Fund, this designation represents amounts appropriated but not encumbered by contracts. In the Fiduciary Funds, this designation includes the unreserved portion of the principal in the Controlled Maintenance Trust Fund, as well as, all other fiduciary balances not otherwise reserved or designated as unavailable. In the College and University Funds, this designation represents the fund balance of the higher education auxiliary activities in the Current Unrestricted Fund.

#### **N. OUTSTANDING ENCUMBRANCES**

The state uses encumbrance accounting as an extension of formal budgetary integration in all funds except pension trust funds, investment trust funds, and the college and university funds. Under this procedure, purchase orders and contracts for expenditures of money are recorded to reserve an equivalent amount of the related appropriation. Encumbrances do not constitute expenditures or liabilities.

They lapse at year end unless specifically brought forward to the subsequent year, thus, committing the subsequent year's available appropriation.

#### **O. FUTURE CHANGES IN REPORTING STANDARDS**

The Governmental Accounting Standards Board has issued Statement No. 34 Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments; Statement No. 35 Basic Financial Statements – and Management's Discussion and Analysis – for Public Colleges and Universities; Statement No. 37 Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments: Omnibus; and Statement No. 38 Certain Financial Statement Note Disclosures. These reporting standards will result in new financial statements as well as changes to certain existing financial statement formats. In addition, fund equity reporting will be affected, and certain financial statement footnotes will be added or expanded. The state will implement these standards for the Fiscal Year ending June 30, 2002. Due to the significance of these changes it is not possible to present proforma data prior to implementing the standards.

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## **NOTE II. BUDGETS - LEGAL COMPLIANCE**

### **A. BUDGETARY BASIS**

The budgetary fund types used by the state differ from the generally accepted accounting fund types. The budgetary fund types are general, cash, and federal funds. For budgetary purposes, cash funds are all funds received by the state that have been designated to support specific expenditures. Federal funds are revenues received from the Federal government. General-purpose revenues are not designated for specific expenditures.

Eliminations of transfers and intrafund transactions are not made in the budgetary funds if those transactions are under budgetary control. Thus, revenues and expenditures in these funds are shown at their gross amounts. This results in several instances of duplicate recording of revenues and expenditures. An expenditure of one budgetary fund may be shown as a transfer-in or revenue in another budgetary fund and then be shown again as an expenditure in the second fund.

For budget purposes, depending on the accounting fund type involved, expenditures/expenses are determined using the modified accrual or accrual basis of accounting with the following exception. Refunds under Article X, Section 20 (TABOR) of the State Constitution are reductions of revenue for nonbudgetary reporting purposes, but they are shown as expenditures for budgetary purposes. For budgetary purposes, these expenditures are recognized in the year that the refunds are paid, not in the year the refund liability arises. For budgetary purposes, unrealized gains and losses on investments are not recognized as changes in revenue.

### **B. BUDGETARY PROCESS**

The financial operations of the legislative, judicial, and executive branches of state government, with the exception of custodial funds and federal moneys not requiring matching state funds, are controlled by annual appropriation made by the General Assembly. The Department of Transportation's portion of the Highway Fund is appropriated to the State Transportation Commission. Within the legislative appropriation, the Commission may appropriate the specific projects and other operations of the Department. In addition, the Commission may appropriate available fund balance from its portion of the Highway Fund.

The total legislative appropriation is constitutionally limited to the unrestricted funds held at the beginning of the year plus revenues estimated to be received during the year as determined by the budgetary basis of accounting. The original appropriation by the General Assembly in the Long

Appropriations Act segregates the budget of the state into its operating and capital components. The majority of the capital budgets are accounted for in the Capital Projects Fund, with the primary exception being budgeted capital funds used for infrastructure.

The Governor has line item veto authority over the Long Appropriations Bill, but the General Assembly may override each individual line item veto by a two-thirds majority vote in each house.

General and cash funded appropriations, with the exception of capital projects, lapse at year end unless executive action is taken to rollforward all or part of the remaining unspent budget authority. General funded appropriations that meet the strict criteria for rollforward are reserved in the General Fund at year end. Since capital projects appropriations are generally available for three years after appropriation, significant amounts of the capital budgets remain unexpended at fiscal year end.

The appropriation controls the combined expenditures and encumbrances of the state, in the majority of the cases, to the level of line item within the state agency. Line items are individual lines in the official budget document and vary from specific payments for specific programs to single appropriations at the agency level. The institutions of higher education are appropriated at the governing board level. Statutes allow the Judicial and Executive Branches, at year end, to transfer legislative appropriations within departments for expenditures of like purpose. The appropriation may be adjusted in the following session of the General Assembly by a supplemental appropriation.

On the three budget-to-actual statements, the column titled Original Appropriation consists of the Long Appropriations Act including anticipated federal funds, special bills, and any statutorily authorized appropriations. The column titled Final Spending Authority includes the original appropriation, federal funds actually awarded, supplemental appropriations of the legislature, and other miscellaneous budgetary items.

### **C. OVEREXPENDITURES**

Depending on the accounting fund type involved, expenditures/expenses are determined using the modified accrual or accrual basis of accounting even if the accrual will result in an overexpenditure. If earned cash revenues plus available fund balance, and earned federal revenues, are less than cash and federal expenditures, then an overexpenditure occurs even if the expenditures did not exceed the total legislative line item appropriation.

The state controller may allow certain overexpenditures of the legal appropriation with the approval of the Governor as provided by Colorado Revised Statutes 24-75-109. Unlimited overexpenditures are allowed in the Medicaid program. The Department of Human Services is allowed \$1 million of overexpenditures not related to Medicaid and unlimited overexpenditures for self-insurance of its workers' compensation plan. Statute also allows overexpenditures up to \$1 million in total for the remainder of the executive branch. An additional \$1 million of transfers and overexpenditures are allowed for the Judicial Branch.

If the controller restricts the subsequent year appropriation for an overexpenditure, the agency is required to seek a supplemental appropriation from the General Assembly or reduce their subsequent year's expenditures.

Total overexpenditures at June 30, 2001, were \$8,897,867. The state controller has recommended that future appropriations be restricted by that amount. Overexpenditures at June 30, 2001, are described below.

#### Medicaid Overexpenditures:

- Transfer to the Department of Human Services – The Department of Health Care Policy and Financing overexpended general fund appropriations by \$5,778,736 when it transferred funds to the Department of Human Services, which used the funds to provide mental health, developmental disability, and child welfare services.
- Medical Service Premiums – The Department of Health Care Policy and Financing overexpended general fund appropriations by \$2,070,005 when it recorded bad debt expenditures to remove \$4,140,010 of receivables that were determined to be uncollectible. The amounts were due from medical services providers that had been overpaid due to errors or fraudulent billings. One half of the amount deemed uncollectible has been charged to the General Fund with the remaining balance expected to be collected from the federal government.

#### Department of Human Services Overexpenditures Other Than Medicaid:

- Self Sufficiency-Adult Assistance Programs / Aid to the Needy Disabled - State Only Grant Program – The Department of Human Services overexpended this budget line item by \$821,668, which comprises \$333,745 of general funded appropriation and \$487,923 of cash funded appropriation. The program provides interim financial assistance to disabled low-income clients awaiting approval of their application for Supplemental Social Security Income.

#### Statewide Overexpenditures Subject to the \$1 Million Limit:

- Legal Services to State Agencies / Personal Services – The Department of Law overexpended this appropriation by \$44,570. The overexpenditure occurred because the Department did not bill state agencies enough to cover the cost of providing legal defense services to those agencies.
- Executive Director and Army National Guard / Operating Expenses – The Department of Military Affairs (DOMA) overexpended this general funded appropriation by \$9,415 due to emergency year end expenditures for air conditioning and elevator repairs.
- Executive Director and Army National Guard / Utilities – The DOMA overexpended this general funded appropriation by \$105,574 due the unanticipated increase in market prices – primarily for natural gas.
- Executive Director and Army National Guard / Capitol Complex Leased Space – The DOMA overexpended this general funded appropriation by \$3,031 when the actual charges billed by General Support Services (GSS) exceeded the estimated billing amounts provided to DOMA by GSS.

#### Other Overexpenditures – Expenditures Exceeding Earned Revenue Plus Statutory Fund Balance:

- Central Services-Facilities Maintenance and Planning / Property Maintenance-Capitol Complex Facilities-Utilities – The Department of Personnel/General Support Services overexpended its statutory fund appropriation by \$58,600 primarily due to utility costs. DOP/GSS was unable to pass those costs on to state agencies because those agencies did not have adequate appropriations to pay these cost increases.
- Executive Director's Office and Administrative Services / Office of Boxing – Program Costs – The Department of Regulatory Agencies overexpended its statutory fund appropriation by \$6,268 when revenues of the newly established Office of Boxing were inadequate to meet the costs of new program.

A separately issued report comparing line item expenditures to authorized budget is available upon request from the State Controller's Office.

#### D. TAX, SPENDING, AND DEBT LIMITATIONS

Certain state revenues, primarily taxes and fees, are limited under Article X, Section 20 (TABOR) of the State Constitution. The growth in these revenues from year to year is limited to the rate of population growth plus the rate of inflation. The constitution also requires voter approval for any new tax, tax rate increase, or new debt. These limitations apply to the state as a whole, not to individual funds, departments or agencies of the state.

Annual revenues that exceed the constitutional limitation must be refunded, unless voters approve otherwise. The state exceeded the revenue growth limitation in each year since Fiscal Year 1996-97. A liability was recorded in the General Fund as a reduction of tax revenues for the current year amount exceeding the limitation (\$927.20 million). The Fiscal Year 2000-01 refund is shown on the *Combined Balance Sheet - All Fund Types and Discretely Presented Component Units* as TABOR Refund Liability.

Colorado Revised Statutes 24-75-201 requires that the recording of the TABOR refund not be included in the General Fund budgetary fund balance (General Fund Surplus) in the year in which the excess revenues were recorded. Instead, the budgetary fund balance is reduced in the following year by reporting an expenditure equal to the excess revenue reduced by any amount the voters authorize the state to retain.

Therefore, the *Combined Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – General Funded* shows a \$941.13 million expenditure related to the Fiscal Year 1999-00 TABOR refund. A separately issued audited report of TABOR computations for Fiscal Year 2000-01 will be available from the State Controller's Office in December 2001.

#### E. BUDGET TO GAAP RECONCILIATION

The three combined budget-to-actual statements show revenues and expenditures that are legislatively appropriated or otherwise legally authorized (See pages 34 to 37). College and university funds, with the exception of the state-appropriated amounts are excluded from these statements.

Certain expenditures on a generally-accepted-accounting-principle (GAAP) basis, such as, bad debt expense and depreciation, are not budgeted by the General Assembly. These expenditures are not shown on the budget-to-actual statements but are include in the following reconciliation as "GAAP Expenditures Not Budgeted". Some transactions considered expenditures for budgetary purposes, such as capital purchases in proprietary fund types, are not expenditures on a GAAP basis. These expenditures are shown as "Budgeted Non-GAAP Expenditures."

Some transactions considered revenues for budgetary purposes, such as intrafund sales, are not considered GAAP revenues. Some events, such as the recognition of unrealized gains/losses on investments and the recognition of the current year TABOR liability, affect revenues on a GAAP basis but not on the budgetary basis. These events and transactions are shown in the following reconciliation as "Unrealized Gains/Losses" and/or "GAAP Revenue Adjustments".

The inclusion of these revenues and expenditures and the change in nonbudgeted funds along with the balances from the budget-to-actual statements is necessary to reconcile to the GAAP fund balance.

A reconciliation of the three budget-to-actual statements to the fund balances of the GAAP fund types appears on the following page.

**RECONCILING SCHEDULE  
ALL BUDGET FUND TYPES  
TO ALL GAAP FUND TYPES  
FOR THE YEAR ENDED JUNE 30, 2001**

(DOLLARS IN THOUSANDS)

	GOVERNMENTAL FUND TYPES			
	GENERAL	SPECIAL REVENUE	DEBT SERVICE	CAPITAL PROJECTS
<b>BUDGETARY BASIS:</b>				
Revenues and Transfers-In:				
General	\$ 6,355,277	\$ -	\$ -	\$ 320,054
Cash	3,004,059	2,806,218	42,896	69,196
Federal	2,466,805	326,655	-	16,885
Sub-Total Revenues and Transfers-In	11,826,141	3,132,873	42,896	406,135
Expenditures/Expenses and Transfers-Out				
General Funded	6,683,550	-	-	366,286
Cash Funded	2,930,801	2,163,743	39,164	51,726
Federally Funded	2,464,214	326,628	-	16,885
Expenditures/Expenses and Transfers-Out	12,078,565	2,490,371	39,164	434,897
Excess of Revenues and Transfers-In Over (Under) Expenditures and Transfers-Out - Budget Basis	(252,424)	642,502	3,732	(28,762)
<b>BUDGETARY BASIS ADJUSTMENTS:</b>				
(Increase)/Decrease in TABOR Refund	13,928	-	-	-
Increase/(Decrease) for Unrealized Gains/Losses	24,422	34,483	-	10,631
Increase for Budgeted Non-GAAP Expenditures	1,422	32,815	-	-
Increase/(Decrease) for GAAP Expenditures Not Budgeted	100,191	(7,766)	-	16,629
Increase/(Decrease) for GAAP Revenue Adjustments	(100,332)	44	-	(16,628)
Increase/(Decrease) for Non-Budgeted Funds	-	-	-	-
Excess of Revenues and Transfers-In Over (Under) Expenditures and Transfers-Out - GAAP Basis	(212,793)	702,078	3,732	(18,130)
<b>GAAP BASIS FUND BALANCES:</b>				
FUND BALANCE, JULY 1	257,151	1,569,532	5,742	401,728
Prior Period Adjustments	(15,880)	-	-	-
FUND BALANCE, JUNE 30	\$ 28,478	\$ 2,271,610	\$ 9,474	\$ 383,598

PROPRIETARY FUND TYPES		FIDUCIARY FUND TYPES	ACCOUNT GROUPS			TOTAL PRIMARY GOVERNMENT
ENTERPRISE	INTERNAL SERVICE	TRUST & AGENCY	GENERAL FIXED ASSETS	GENERAL LONG-TERM DEBT	COLLEGE AND UNIVERSITY FUNDS	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,675,331
518,957	212,422	482,717	-	-	1,385,176	8,521,641
65,519	-	14,686	-	-	-	2,890,550
584,476	212,422	497,403	-	-	1,385,176	18,087,522
-	-	-	-	-	-	7,049,836
486,962	201,685	383,459	-	-	1,354,275	7,611,815
62,663	-	14,570	-	-	-	2,884,960
549,625	201,685	398,029	-	-	1,354,275	17,546,611
34,851	10,737	99,374	-	-	30,901	540,911
-	-	-	-	-	-	13,928
(5,145)	712	26,348	-	-	(2,147)	89,304
1,608	79	-	-	-	-	35,924
(19,015)	(3,075)	5	-	-	(10)	86,959
-	-	-	-	-	-	(116,916)
-	-	160,190	86,518	-	253,981	500,689
12,299	8,453	285,917	86,518	-	282,725	1,150,799
96,894	18,618	2,694,833	1,849,389	-	3,546,360	10,440,247
78,769	-	36,697	-	-	-	99,586
\$ 187,962	\$ 27,071	\$ 3,017,447	\$ 1,935,907	\$ -	\$ 3,829,085	\$ 11,690,632

**NOTE III. OTHER ACCOUNTING DISCLOSURES****A. CASH AND POOLED CASH****Primary Government**

The State Treasury acts as a bank for all state agencies, with the exception of the University of Colorado. Moneys deposited in the Treasury are invested until the cash is needed. Interest earnings on these investments are credited to the General Fund, unless a specific statute directs otherwise. Where a fund category has a cash deficit, that deficit has been reclassified to an interfund payable to the General Fund. The detailed composition of the cash and investments is shown in the annual Treasurer's Report.

State agencies are authorized by various statutes to deposit funds in accounts outside the custody of the State Treasury. Legally authorized deposits include demand deposits and certificates of deposit. The state's cash management policy is to invest all major revenues as soon as the moneys are available within the banking system. Electronic transfers are used by the state to enhance availability of funds for investment purposes.

Colorado statutes require protection of public moneys in banks beyond that provided by the federal insurance corporations. The Public Deposit Protection Act in Colorado Revised Statutes 11-10.5-107(5) requires all eligible depositories holding public deposits to pledge designated eligible collateral having market value equal to at least 102 percent of the deposits exceeding those amounts insured by federal insurance.

The state maintains accounts for various purposes at locations throughout the state. Cash balances in these accounts that are not required for immediate use are invested in certificates of deposit by the fund custodian or moved to the state treasurer's pooled cash investments.

The Cash and Pooled Cash line on the financial statements includes \$3,071.6 million of claims of the state's funds in the treasurer's pooled cash. At June 30, 2001, the treasurer had invested \$2,996.9 million of the pool with the balance in demand deposits and certificates of deposit. At June 30, 2001, the state had cash balances in all funds with a carrying value of \$2,035.2 million. The state categorizes its cash into three categories as to its risk:

- Category 1 is federally insured deposits, or deposits fully collateralized with securities held by the state or its agent in the state's name.
- Category 2 is deposits uninsured but fully collateralized with securities held by the pledging financial institution's trust department or agent in the state's name.
- Category 3 is uncollateralized. This includes any bank balance that is collateralized with securities held

by the pledging financial institution, or by its trust department or agent, but not in the state's name.

The bank balances of these funds are categorized by risk as follows:

Risk Category	Bank Balance June 30
1	\$ 838,701,166
2	1,156,196,273
3	6,826,883
<b>TOTAL</b>	<b>\$ 2,001,724,322</b>

**Component Units**

At December 31, 2000, the Colorado Water Resources and Power Development Authority had federally insured cash deposits with a bank balance of \$14,750 and deposits collateralized in single institution pools of \$21,321,972.

At December 31, 2000 the Denver Metropolitan Major League Baseball Stadium District had federally insured cash deposits with a bank balance of \$30,078. They also had \$6,008,006 in money market funds invested in obligations of the U.S. Government or its agencies. The money market funds are carried at cost, which approximates market value.

**B. NONCASH TRANSACTIONS IN THE PROPRIETARY FUND TYPES**

In the proprietary fund types, noncash transactions occur that do not affect the *Combined Statement of Cash Flows, All Proprietary Fund Types and Similar Trust Funds and Discretely Presented Component Units*. These transactions are summarized at the bottom of the statement and are explained as follows:

**Enterprise Funds:**

- The Guaranteed Student Loan Program (GSLP) recorded a \$647,636 loss on disposal of equipment due to a change in its fixed asset capitalization threshold. The GSLP also acquired fixed assets valued at \$178,373 by entering a capital lease.
- The Colorado State Lottery recorded a \$37,217 loss on disposal of fixed assets.
- The State Nursing Homes received fixed assets costing \$38,841 from the General Fixed Assets Account Group, which were funded by the Capital Projects Fund. The General Fixed Asset Account Group does not have a statement of operations; therefore, no matching transfer out is shown on the

financial statements. The State Nursing Homes also acquired fixed assets valued at \$3,759 by entering a capital lease.

- The State Fair Authority received fixed assets costing \$302,289 from the General Fixed Assets Account Group, which were funded by the Capital Projects Fund. On its investments not held by the state treasurer, the State Fair Authority recorded a gain of \$12,225 for the unrealized net change in fair value of investments. The Authority also reported a loss on disposal of fixed assets of \$23,456.
- The Colorado Student Obligation Bond Authority recorded a loss of \$7,760,945 for the unrealized net change in fair value of investments.

#### Internal Service Funds:

- Central Services acquired fixed assets, primarily motor vehicles, valued at \$12,425,573 by entering capital leases. Central Services also reported losses on disposal of fixed assets of \$674,425.

#### Nonexpendable Trust Funds:

- The State Lands Fund recorded a gain of \$14,300,939 for unrealized net change in fair value of investments on those investments individually held for the fund.
- The Controlled Maintenance Trust Fund recorded a gain of \$10,114,411 for the unrealized net change in fair value of investments on those investments individually held for the fund.
- The Tobacco Settlement Fund recorded a gain of \$2,059,380 for the unrealized net change in fair value of its individually held investments.

Nearly all proprietary type funds also recorded unrealized gains on the investments underlying the treasurer's pooled cash in which they participate. The unrealized gains on the Treasurer's pool are shown as increases in cash balances. The unrealized gains/losses on investments individually held are shown as increases/decreases in investment balances, and therefore, are reported as noncash transactions. Note III-G shows the combined effect of these two sources of unrealized gains/losses.

### C. RECEIVABLES

#### Primary Government

The taxes receivable of \$1,105.5 million shown on the *Combined Balance Sheet - All Fund Types, Account Groups* results from the recording of self-assessed taxes on the modified accrual basis. The other receivables of \$998.3 million are net of a deduction of \$78.9 million in allowance for doubtful accounts.

### Component Units

The Colorado Water Resources and Power Development Authority had loans receivable of \$514.8 million and \$436.1 million at December 31, 2000 and 1999, respectively. During 2000 the Authority made new loans of \$102.3 million and canceled or received repayments for existing loans of \$23.7 million.

The University of Colorado Hospital Authority has a significant concentration of patient accounts receivable with Medicare (25 percent), Medicaid (10 percent), managed care including Blue Cross (44 percent), and other commercial insurance (11 percent). However, the authority's management does not believe there are credit risks associated with these payers. Further, the authority continually monitors and adjusts its reserves and allowances associated with these receivables.

Net patient-service revenue under the Medicare and Medicaid programs in Fiscal Year 2000-01 and 1999-00 were approximately \$123.0 million and \$106.9 million, respectively. Medicaid, Medicare, and other third-party payer programs reimburse providers at rates generally less than the Hospital's billing rates. Net patient-service revenue is adjusted for these differences and is reported at the estimated net realizable amounts from patients, third-party payers, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payers. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods, as final settlements are determined.

The hospital reports pledges at their net present value. As a result, three pledges totaling \$65 million were discounted at rates ranging from 4.25 percent to 5.88 percent and are reported as receivables in the amount of \$46.1 million.

### D. INVENTORY

Inventories of \$14.37 million in the General Fund at June 30, 2001, consisted of \$8.60 million of consumable and supplies inventories, and \$5.77 million of food donated to the Department of Human Services.

### E. PREPAIDS, ADVANCES, AND DEFERRED CHARGES

In the General Fund, this account consists primarily of Medicaid payments in advance made to mental health and health care providers by the Department of Health Care Policy and Financing. Charges in the College and University Funds related to summer school are deferred to Fiscal Year 2001-02 to match the deferral of summer school tuition.

**F. INTERFUND BALANCES**

Individual interfund receivable and payable balances at June 30, 2001, were:

(Amounts in Thousands)		
Fund	Interfund Receivables	Interfund Payables
General Fund	\$ 49,610	\$ 34,584
Special Revenue Funds		
Highway	8,697	422
Wildlife	2,022	29
Labor	372	-
Gaming	9,838	41,677
Water Projects	194	26,263
Capital Projects Funds	3,427	2,666
Enterprise Funds		
Guaranteed Student Loan	588	841
State Lottery	-	20,056
State Nursing Homes	1	-
Prison Canteens	-	1
Correctional Industries	618	115
Other Enterprise Activities	-	609
Internal Service Funds		
Central Services	92	-
Telecommunications	8	-
Capitol Complex	4	-
Administrative Hearings	7	-
Expendable Trust Funds		
Unemployment Insurance	-	1,083
State Treasurer	16,129	-
Severance Tax Fund	33,897	-
Land Board	-	3,553
Victims Compensation	-	25
Scholars Choice	-	-
Conservation Trust Fund	8,020	-
Other Expendable Trusts	-	131
Nonexpendable Trust Funds		
State Lands	127	-
Other Nonexpendable Trusts	10	-
Agency Funds		
Revenue	1,039	15,268
Treasury	10,025	-
Other Agency Funds	300	2
College and University Funds		
Unrestricted	29,751	8,160
Restricted	5,655	8,473
Loan	-	-
Endowment	150	7,415
Unexpended Plant Fund	4,825	5,416
Retirement of Indebtedness	-	147
Investment in Plant	-	8,345
Agency	9	134
Totals	\$ 185,415	\$ 185,415

**G. INVESTMENTS****Primary Government**

The state holds investments both for its own benefit and as an agent for certain entities as provided by law. The state does not invest its funds with any external investment pool; rather, funds not required for immediate payments are administered by the authorized custodian of the funds or pooled and administered by the state treasurer (See Note III-H.)

The fair value of the state's investments are determined from quoted market prices except for money market investments that are reported at amortized cost which approximates market.

The following schedule reconciles deposits and investments to the financial statements for the primary government:

(Amounts in Thousands)

Footnote Amounts	Carrying Amount
Deposits (Note III-A)	\$ 2,035,216
Investments	5,805,118
Total	<u>\$ 7,840,334</u>
Combined Balance Sheet Amounts	
Net Cash and Pooled Cash	\$ 4,824,917
Add: Warrants Payable Included in Cash	<u>216,206</u>
Total Cash and Pooled Cash	5,041,123
Add: Investments	<u>2,799,211</u>
Total	<u>\$ 7,840,334</u>

The calculation of realized gains and losses is independent of the calculation of the net change in the fair value of investments. Realized gains and losses on investments held in more than one fiscal year and sold in the current year were included as a change in the fair value of investments in those prior periods. Realized gains from the sale of investments related to the Treasurer's pooled cash were \$743,157 for Fiscal Year 2000-01. Excluding the Individual Investment Trust Fund, the Deferred Compensation Plan, and the Defined Contribution Plan, the state realized \$2,935,340 of net gains from the sale of investments of other funds during Fiscal Year 2000-01.

The state treasurer maintains an agency fund for the Great Outdoors Colorado Program (GOCO), a related party. At June 30, 2001 and 2000, the treasurer had \$34.02 million and \$31.7 million at fair value, respectively, of GOCO's

funds on deposit and invested. The treasurer also maintains an individual investment trust fund for the Colorado Compensation Insurance Authority (CCIA), a related party. At June 30, 2001 and 2000, the treasurer had \$927.2 million and \$770.1 million at fair value, respectively, of CCIA's funds on deposit and invested.

Colorado Revised Statutes 24-75-601.1 authorizes the type of investments that the state may hold. In general, the statute requires securities that are of the highest quality as determined by national rating agencies, those guaranteed by another state or the federal government, or a registered money market fund whose policies meet criteria set forth in the statute. The state may also enter securities lending agreements that meet certain collateralization and other requirements.

The state categorizes the custodial risks of its investments into the following categories:

- Category A is those investments that are insured or registered securities held by the state or its agent in the state's name.
- Category B is those investments that are uninsured and unregistered, with securities held by the counterparty's trust department or agent in the state's name.
- Category C is those investments that are uninsured and unregistered, with securities held by the counterparty or its agent, but not in the state's name.

Mutual funds and certain other investments are not categorized as to custodial risk because ownership is not evidenced by a security. The following table lists the state's investments by type and risk category:

(Amounts in Thousands)

Type of Investment*	Risk Category			Total Fair Value
	A	B	C	
U.S. Government Securities	\$ 2,018,280	\$ 19,435	\$ 7,306	\$ 2,045,021
Bankers' Acceptance	49,567	-	-	49,567
Commercial Paper	409,318	4,513	-	413,831
Corporate Bonds	1,030,482	-	1,420	1,031,902
Corporate Securities	7,640	-	11,137	18,777
Repurchase Agreements	3,409	266	-	3,675
Asset Backed Securities	1,296,644	-	573	1,297,217
Subtotal	<u>\$ 4,815,340</u>	<u>\$ 24,214</u>	<u>\$ 20,436</u>	4,859,990
Uncategorized				945,128
Total				<u>\$ 5,805,118</u>

\*Note: Amounts include the treasurer's pool and individual investment accounts.

The following schedule shows the state's net unrealized gains and (losses) by fund category for Fiscal Years 2000-01 and 1999-00. The schedule excludes the Deferred Compensation Plan, an expendable trust fund, the

individual investment trust fund managed for the Colorado Compensation Insurance Authority, and agency funds because realized and unrealized gains of these funds are not available to the state's programs.

(Amounts in Thousands)		
Gain/(Loss)		
Fund Type	Fiscal Year 2000-01	Fiscal Year 1999-00
General Fund	\$ 24,422	\$ (9,774)
State Lands	14,644	(6,916)
Labor	12,546	(1,222)
Highway (Special Revenue)	11,224	(3,294)
Controlled Maintenance Trust	10,833	(4,645)
Capital Construction	10,631	(3,450)
Tobacco Litigation Settlement Trust	2,630	327
State Education Fund	2,614	-
Water Conservation Construction	2,325	(745)
Wildlife	2,217	(731)
Colorado Gaming Fund	1,813	(529)
Tobacco Litigation Settlement	1,745	(642)
Severance Tax Trust Fund	1,290	(507)
Guaranteed Student Loan Program	1,270	(419)
Other Expendable Trusts	692	(192)
State Employee Group Insurance	660	(197)
Colorado Lottery Fund	608	(188)
Correctional Industries	104	(25)
Other Nonexpendable Trusts	92	(5)
Unexpended Plant Funds	90	(170)
State Nursing Homes	60	(19)
Highway (Internal Service)	52	(16)
State Fair Authority	29	(10)
Treasurer's Expendable Trust	23	(7)
Business Enterprise Program	9	(3)
Victims Compensation	2	-
Loan Fund	(65)	9
Current Funds - Unrestricted	(235)	(260)
Retirement of Indebtedness	(409)	11
Renewal and Replacement	(1,241)	861
Current Funds - Restricted	(1,247)	(306)
Scholars Choice	(3,871)	-
Student Obligation Bond Authority	(7,223)	5,411
Endowment Fund	(9,864)	(4,353)
Totals	<u>\$ 78,470</u>	<u>\$ (32,006)</u>

### Component Units

Colorado statutes specify investment instruments meeting defined rating and risk criteria in which governmental units may invest. The risk criteria are defined the same as for the primary government.

Investments of the University of Colorado Hospital Authority are reported at fair values which are based on

quoted market prices, if available, or estimated using market prices for similar securities. Interest, dividends, and realized and unrealized gains and losses are based on the specific identification method and are included in non-operating income when earned.

The hospital uses interest rate swap agreements to manage interest costs and risks associated with changing interest rates. At June 30, 2001, the hospital was party to two swap agreements having notational amounts of \$50 million and \$72 million. The fair value of the swaps was \$1,644,000

and (\$91,000), respectively, based on the gross unrealized market gain/loss. Gains and losses are reported in income, as the agreements do not qualify for hedge accounting. Both interest rate swaps are scheduled to terminate in 2006.

The following table lists the component units' investments by type and risk category:

(Amounts in Thousands)								
Type of Investment	Risk Category			Total Fair Value				
	A	B	C					
U.S. Government Securities	\$	93,484	\$	-	\$	9,980	\$	103,464
Repurchase Agreements		-		-		231,419		231,419
Corporate Bonds		48,374		-		-		48,374
Equity Securities		33,172		-		-		33,172
Other		1,339		-		-		1,339
Subtotal	\$	176,369	\$	-	\$	241,399		417,768
Uncategorized								87,249
Total							\$	505,017

## H. TREASURER'S INVESTMENT POOL

Participation in the treasurer's pool is mandatory for all state agencies with the exception of the University of Colorado. The treasurer determines the fair value of the pool's investments at each month-end for performance tracking purposes. Short-term realized gains and losses and interest earnings, adjusted for amortization of premium and discounts, are distributed monthly prorated to the average of the participant's daily balance during the month if the participant is authorized to receive interest and investment earnings by statute.

Colorado Revised Statutes 24-36-113 authorizes the state treasurer to enter collateralized securities lending agreements. During Fiscal Year 2000-01, the treasurer loaned U.S. government, federal agencies' securities, mortgage pools, and collateralize mortgage obligation securities, held for the Colorado Compensation Insurance Authority to Morgan Stanley. The treasurer also loaned U.S. government and federal agencies securities held for the Colorado Treasury Pool, the State Lands Nonexpendable Trust Fund, Labor Fund and the Controlled Maintenance Trust Fund to Deutsche Bank. Morgan Stanley and Deutsche Bank pay the treasurer an agreed upon fee for use of these securities. Collateral is deposited and held in a custodial bank.

Currently, collateral held by the custodial bank includes A-rated or better domestic corporate bonds, mortgage pools, U.S. treasuries, and federal agencies securities. Corporate securities held as collateral must equal at least 105 percent of the market value of the loaned securities, while government securities must equal at least 102 percent of the market value. The treasurer does not have the authority to pledge or sell collateral securities without borrower default nor does the treasurer accept cash as collateral.

Morgan Stanley, acting as the principal, and Deutsche Bank, acting as agent and fiduciary, are directly responsible for safeguarding the assets. Each carries a financial institution bond that is substantially more than the amount required by the New York Stock Exchange. On June 30, 2001, the market value of securities on loan from the Colorado Compensation Insurance Authority account was \$402,785,761. The market value of the collateral securities pledged was \$413,167,592. At June 30, 2001, the market value of the securities on loan from the other four funds was \$1,472,526,058, and the market value of the related pledged collateral was \$1,613,660,159.

**I. PROPERTY, PLANT, AND EQUIPMENT****Primary Government**

A summary of fixed assets by account groups and fund types at June 30, 2001, follows:

(Amounts in Thousands)

	General Fixed Assets Account Group	Enterprise Funds	Internal Service Funds	Fiduciary Funds	College & University Funds	Totals
Land and Improvements	\$ 243,602	\$ 9,216	\$ -	\$ 7,574	\$ 229,170	\$ 489,562
Buildings and Improvements	1,208,803	27,916	847	59	2,127,195	3,364,820
Equipment	318,638	33,116	126,351	355	519,139	997,599
Library Books and Holdings	4,102	-	-	5,130	307,216	316,448
Construction in Progress	147,746	526	-	-	364,259	512,531
Other	13,016	60	16,978	-	1,847	31,901
Less: Accumulated Depreciation	-	(37,316)	(90,335)	-	(1,494)	(129,145)
Totals	\$ 1,935,907	\$ 33,518	\$ 53,841	\$ 13,118	\$ 3,547,332	\$ 5,583,716

A statement of changes in general fixed assets for the year ended June 30, 2001, is shown below:

(Amounts in Thousands)

	Beginning Balance July 1	Additions	Deductions	Reclassifications	Ending Balance June 30
Land and Improvements	\$ 233,056	\$ 18,137	\$ 7,591	\$ -	\$ 243,602
Buildings and Improvements	1,140,669	10,818	23,169	80,485	1,208,803
Equipment	313,230	21,028	15,620	-	318,638
Library Books and Holdings	4,023	91	12	-	4,102
Construction in Progress	145,490	82,741	-	(80,485)	147,746
Other	12,921	95	-	-	13,016
Totals	\$ 1,849,389	\$ 132,910	\$ 46,392	\$ -	\$ 1,935,907

The Department of Revenue, Department of Regulatory Agencies, and Department of Corrections removed fixed assets with values below the state's \$5,000 capitalization threshold in Fiscal Year 2000-01 resulting in larger than normal fixed asset deductions.

**Component Units**

The Colorado Water Resources and Power Development Authority reported furniture and fixtures, net of accumulated depreciation, of \$37,617 at December 31, 2000.

The Denver Metropolitan Major League Baseball Stadium District reported land and improvements, buildings, and other property and equipment, of \$175.2 million and \$179.6 million, net of accumulated depreciation, at December 31, 2000 and 1999, respectively.

At June 30, 2001, the University of Colorado Hospital Authority reported gross amounts for land, buildings and improvements of \$309.1 million, equipment of \$131.8 million, and construction in progress of \$3.9 million. Accumulated depreciation related to these fixed assets was \$135.0 million.

**J. OTHER LONG-TERM ASSETS**

In the governmental funds, the state has reserved the fund balance for long-term assets and long-term loans receivable. The loans in the Special Revenue Fund are made to local entities by the Water Conservation Board for the purpose of constructing water projects in the state. These loans are made for periods ranging from 10 to 40 years at interest rates of 2 to 7 percent. The loans require the local entities or districts to make a yearly payment of principal and interest.

**K. FUND BALANCE DEFICITS**

The deficit of \$457.9 million in unreserved undesignated fund equity of the General Fund is related to recording a liability of \$927.20 million for excess-revenue refunds under Article X, Section 20 (TABOR) of the State Constitution. Due to delayed recognition of excess-revenue refunds under the state's budgetary basis, legal compliance was achieved. (See Note II-A and II-D.)

The Capitol Complex Fund, an internal service fund, had a retained earnings deficit of \$163,688 and \$291,469 respectively at June 30, 2001, and June 30, 2000.

The State Fair Authority, an enterprise fund, had a retained earnings deficit of \$918,671 and \$2,043,385 respectively at June 30, 2001, and June 30, 2000.

## L. PRIOR PERIOD ADJUSTMENTS

### Primary Government

On the *Combined Statement of Revenues, Expenditures, and Changes in Fund Balances – All Governmental Fund Types and Expendable Trust Funds* the beginning fund balance of the General Fund decreased by \$15,880,218. This reduction occurred because the Department of Health Care Policy and Financing determined that amounts recorded as receivable from the federal government were not valid and were the result of accounting errors made in prior years.

In addition, the beginning fund balance of the Expendable Trust Funds on the *Combined Statement of Revenues, Expenditures, and Changes in Fund Balances – All Governmental Fund Types and Expendable Trust Funds* increased by \$36,697,485 due to the first-time inclusion of the Colorado Student Obligation Bond Authority (CSOBA) college savings plan (commonly referred to as the Scholar's Choice Program). The Authority became a state agency on July 1, 2000.

On the *Combined Statement of Revenues, Expenses, and Changes in Fund Equity – All Proprietary Fund Types and Similar Trust Funds*, the beginning fund equity of the Enterprise Funds increased by \$78,769,361 as a result of the CSOBA becoming a state agency. This amount represents the fund equity on July 1, 2000 of CSOBA's bond activities, prepaid tuition program, and administrative activities.

On the *Combined Statement of Changes in Fund Balance – All Colleges and University Funds* the beginning fund balance of the Unexpended Plant and Investment in Plant Funds decreased by \$5,361,704 and \$6,052,972, respectively. Both adjustments were accounting errors related to capitalizing reimbursed plant expenditures funded by the University of Colorado Hospital Authority, a component unit.

## M. FUND EQUITY

In the Capital Projects Fund, the Reserve for Statutorily Specified Amounts includes the fund equity of the Corrections Expansion Reserve. In the Trust and Agency Funds, the Reserve for Statutorily Specified Amounts is the

portion of the Controlled Maintenance Trust Fund balance reserved for emergencies under Article X, Section 20, of the State Constitution. Fund equities reserved for statutorily specified amounts in the General Fund at June 30, 2001, are:

(Amounts in Thousands)

Reserved For	General Fund
Severance Tax	55,600
Hazardous Substances Response	37,036
Employment Support Fund	32,951
Public Safety Communications	31,723
Family Issues Cash Fund	25,309
Uninsurable Health Insurance Plan	24,731
Mineral Leasing	23,528
Species Conservation	16,464
Children's Basic Health Plan	16,320
Energy Conservation	13,058
Petroleum Storage Tank Fund	11,695
Workers' Compensation Cash	10,608
State Public School Fund	10,125
Natural Resources Damage Recovery	10,042
Aviation Fund	9,393
Risk Management Liability Fund	8,354
Contiguous County Limited Gaming Impact	7,902
Hazardous Substance Settlement	7,651
Risk Management Workers' Compensation Fund	6,373
Economic Development Fund	5,923
Old Age Pension Stabilization	5,000
Secretary of State Fees	4,716
Division of Registrations Cash Fund	4,229
Read-To-Achieve Cash Fund	4,129
Offender Services	4,049
Disaster Emergency Fund	3,046
Brand Inspection Fund	2,953
Public Employees Social Security	2,730
Drug Offender Surcharge Fund	2,705
Wildlife Parks & Outdoor Recreation	2,684
Alcohol Driver Safety	2,224
Motor Carrier Safety Program	1,968
Unemployment Revenue Fund	1,952
Disabled Telephone Users Fund	1,864
Off Highway Vehicles	1,719
Department of Law-Custodial Funds	1,704
Uniform Consumer Credit Code	1,695
Gear Up Scholarship Trust Fund	1,640
Waste Tire Recycling Fund	1,468
Oil & Gas Conservation Fund	1,375
Environmental Response Fund	1,241
Colorado Children's Trust Fund	1,231
Tobacco Program Fund	1,208
Infant Immunization Fund	1,197
Arts In Public Places Fund	1,192
Risk Management Property Fund	1,177
Federal HUD Reserved Operating	1,068
Central Information System	1,048
Fixed Utilities	1,037
State Rail Bank Fund	1,014
Other Statutory Programs	34,002
Subtotal	464,051
Less Unrealized Gains Included Above	5,372
Total Statutorily Specified Amounts	\$ 458,679

## N. TRANSFERS BETWEEN FUNDS

In addition to the operating transfers shown below, residual equity transfers were made to the proprietary funds from the governmental funds and the General Fixed Assets Account Group. In the proprietary funds, these transfers are shown as "Additions To Contributed Capital" in the fund equity section of the *Combined Statement of Revenues, Expenses, and Changes in Fund Equity, All Proprietary Fund Types, Similar Trust Funds, and Discretely Presented Component Units* in the amount of \$341,131. This amount comprises the following transactions:

- The State Nursing Homes, an enterprise fund, received \$38,841 of fixed assets from the General

Fixed Assets Account Group that were funded by the Capital Projects Fund and were shown as additions to contributed capital. The account group does not have an operating statement; thus, there is not a corresponding transfer-out.

- The State Fair Authority, an enterprise fund, received \$302,289 of fixed assets from the General Fixed Asset Account Group that were funded by the Capital Projects Fund and are shown as additions to contributed capital.

Operating transfers between funds for the fiscal year ended June 30, 2001, were as follows:

(Amounts in Thousands)	Transfers-In to the:							
	General Fund	Higher Education	Highway	Wildlife	Water Projects	Debt Service	Capital Projects	State Nursing Homes
<b>Transfers-Out of the:</b>								
General Fund	\$ -	\$ 728,356	\$ 600	\$ -	\$ 6,069	\$ -	\$ 287,465	\$ 260
Higher Education	3,368							
Special Revenue Funds								
Highway	21,398					37,211	4,421	
Wildlife	3,952						12,118	
Labor	480							
Gaming	36,853		5,089				79	
Water Projects	2,328							
Tobacco Litigation Settlement	33,433	6,335						
Capital Projects	17,179	178,591	63,863			5,382		
Enterprise Funds								
Guaranteed Student Loan	88							
State Lottery	348			7,928				
State Nursing Homes	96							
Prison Canteens	70						256	
Correctional Industries	500							
Other Enterprise Activities	139						583	
Internal Service Funds								
Central Services	1,487							
General Govt Computer Center	313							
Telecommunications	560							
State Employees & Officials Insurance	286							
Capitol Complex	249							
Expendable Trust Funds								
State Treasurer	16,746							
Severance Tax Trust	19,600				19			
Land Board	31,356	63						
Victims Compensation	2,003							
Deferred Compensation	14							
Other Expendable Trust	4							
NonExpendable Trust Funds								
State Lands	2,042	188						
Controlled Maintenance							17,808	
Other NonExpendable Trust								
<b>Total Transfers-In</b>	<b>\$ 194,892</b>	<b>\$ 913,533</b>	<b>\$ 69,552</b>	<b>\$ 7,928</b>	<b>\$ 6,088</b>	<b>\$ 42,593</b>	<b>\$ 322,730</b>	<b>\$ 260</b>

Correctional Industries	Central Services	Telecom-munications	Public Safety	Land Board	Conservation Trust	Other Expendable Trust	State Lands	Tobacco Litigation Settlement Trust	Other Nonexpendable Trust	Total Transfers-Out
\$ 4	\$ -	\$ -	\$ 108	\$ -	\$ -	\$ 65	\$ -	\$ -	\$ -	\$ 1,022,927
										3,368
			301							63,331
									5,000	21,070
										480
										42,021
								29,941		2,328
		4,512								69,709
										269,527
					31,714					88
										39,990
										96
										326
										500
										722
										1,487
										313
										560
	115									286
										364
							63			16,809
										19,619
							750			32,169
										2,003
										14
				11						15
				40						2,270
										17,808
						33				33
\$ 4	\$ 115	\$ 4,512	\$ 409	\$ 51	\$ 31,714	\$ 98	\$ 813	\$ 29,941	\$ 5,000	1,630,233

Higher Education Transfer to General Fund in Net Operating Transfers From State Funds

3,368

Total Transfers In and Out per Financial Statements.

\$ 1,626,865

## O. SEGMENT INFORMATION

### Primary Government

The principal activities of the state's enterprise funds are the guaranteed student loan program, the lottery, the business enterprise program, the state's nursing homes, enterprises at the state's prisons, the state fair, and the activities of the Colorado Student Obligation Bond Authority.

The guaranteed student loan program guarantees loans made by private lending institutions, in compliance with operating agreements with the U.S. Department of Education, to students attending postsecondary schools.

The State Lottery encompasses the various lottery and lotto games run under state statute. The net proceeds of the lottery are distributed to the Great Outdoors Colorado program (a related party), the conservation trust fund, and the general fund. The funds are used primarily for open space purchases and recreational facilities throughout the state.

The business enterprise program assists the visually impaired in operating businesses, such as cafeterias, in state office buildings.

The state nursing homes provide nursing home and retirement care to the elderly. The state's nursing homes are located at Homelake, Walsenburg, Florence, Rifle, and Trinidad.

Enterprise activities at the state's prisons include canteen sales to prisoners and the sale of manufactured goods and farm products produced by convicted criminals incarcerated in the state's prison system.

The State Fair Authority operates the Colorado State Fair, and other events, at the state fairgrounds in Pueblo.

The Colorado Student Obligation Bond Authority became a state agency during Fiscal Year 2000-01. It issues revenue bonds to originate and purchase student loans. The Authority also operates a prepaid tuition program designed to keep pace with average tuition inflation in Colorado.

Segment information for the enterprise funds of the state for the year ended June 30, 2001, is:

(Amounts in Thousands)

	GUARANTEED STUDENT LOAN	STATE LOTTERY	BUSINESS ENTERPRISE PROGRAM	STATE NURSING HOMES	PRISON CANTEENS
Operating Revenue	\$ 65,359	\$ 350,830	\$ 624	\$ 20,708	\$ 10,343
Federal Grants and Contracts	55,946	-	730	5,987	-
Depreciation / Amortization	568	603	93	542	89
Operating Income (Loss)	1,635	78,084	(704)	(886)	1,624
Operating Transfers-In	-	-	-	260	-
Transfers-(Out)	(88)	(39,990)	-	(96)	(326)
Net Income (Loss)	1,547	680	53	(467)	1,338
Additions to Contributed Capital	-	-	-	39	-
Working Capital	50,418	653	561	2,983	5,818
Increase(Decrease) in Net Property, Plant, and Equip	(1,009)	(340)	(8)	(153)	(34)
Total Assets	60,519	41,646	929	10,535	7,653
Bonds and Other Long- Term Liabilities	1,231	920	44	768	63
Fund Equity	50,646	1,912	794	9,121	7,149

CORREC- TIONAL INDUSTRIES	STATE FAIR AUTHORITY	STUDENT OBLIGATION BOND AUTHORITY	OTHER ENTERPRISE ACTIVITIES	TOTALS
\$ 35,538	\$ 6,875	\$ 66,932	\$ 5,055	\$ 562,264
-	-	-	2,855	65,518
1,160	816	1,087	78	5,036
1,182	(1,611)	9,605	(755)	88,174
4	-	-	-	264
(500)	-	-	(722)	(41,722)
893	(889)	9,605	(802)	11,958
-	302	-	-	341
12,585	(419)	702,716	542	775,857
(628)	(511)	2,175	(40)	(548)
22,283	8,935	866,484	5,119	1,024,103
749	2,094	765,517	79	771,465
19,968	5,374	88,374	4,624	187,962

## Component Units

The Colorado Water Resources and Power Development Authority's purpose is to initiate, acquire, construct, maintain, repair and operate, or cause to be operated, projects for the protection, preservation, conservation, upgrading, development and utilization of the water resources of the state.

The Denver Metropolitan Major League Baseball Stadium District includes all or part of the six counties in the Denver metro area. The District was created for the purpose of acquiring, constructing and operating a major league baseball stadium. The District levied a sales tax of one-tenth of one percent throughout this District for a period not to exceed 20 years for this purpose. However, the District discontinued the sales tax levy on January 1, 2001 after it defeased all outstanding debt. A portion of this tax is shown as taxes receivable on the *Combined Balance Sheet – All Fund Types, Account Groups, and Discretely Presented Component Units*.

University Hospital is a nonsectarian, general acute care regional hospital, with seven outpatient clinics and a home therapy unit, operated by the University of Colorado Hospital Authority. It is the teaching hospital of the University of Colorado Health Sciences Center. The hospital's mission is to provide education, research and a full spectrum of primary, secondary and tertiary health care services to the Denver metropolitan area and the Rocky Mountain Region.

The Colorado Uninsurable Health Insurance Plan is a non-profit public entity created to provide access to health insurance for those Colorado residents who are unable to obtain health insurance, or unable to obtain health insurance except at prohibitive rates or with restrictive exclusions.

## CONDENSED BALANCE SHEET ALL DISCRETELY PRESENTED COMPONENT UNITS

DOLLARS IN THOUSANDS	TRUST & AGENCY	PENSION TRUST FUND	PROPRIETARY FUND TYPES				TOTAL
	COLORADO WATER RESOURCES AND POWER DEVELOPMENT AUTHORITY	UNIVERSITY OF COLORADO HOSPITAL AUTHORITY	DENVER METROPOLITAN MAJOR LEAGUE BASEBALL STADIUM DISTRICT	UNIVERSITY OF COLORADO HOSPITAL AUTHORITY	COLORADO WATER RESOURCES AND POWER DEVELOPMENT AUTHORITY	COLORADO UNINSURABLE HEALTH INSURANCE PLAN	
<b>ASSETS:</b>							
Current Assets	\$ 9,432	\$ -	\$ 12,776	\$ 150,554	\$ 104,460	\$ 3,965	\$ 281,187
Investments	172,970	76,267	-	116,150	139,630	-	505,017
Property, Plant and Equip., net	-	-	175,169	309,770	38	2	484,979
Other Long-Term Assets	-	-	395	10,047	490,381	-	500,823
<b>Total Assets</b>	<b>\$ 182,402</b>	<b>\$ 76,267</b>	<b>\$ 188,340</b>	<b>\$ 586,521</b>	<b>\$ 734,509</b>	<b>\$ 3,967</b>	<b>\$ 1,772,006</b>
<b>LIABILITIES:</b>							
Current Liabilities	\$ 139,692	\$ -	\$ 12	\$ 60,251	\$ 53,210	\$ 2,905	\$ 256,070
Notes and Bonds Payable	-	-	-	232,861	447,309	-	680,170
Other Long-Term Liabilities	-	-	-	6,908	5,042	-	11,950
<b>Total Liabilities</b>	<b>139,692</b>	<b>-</b>	<b>12</b>	<b>300,020</b>	<b>505,561</b>	<b>2,905</b>	<b>948,190</b>
<b>FUND EQUITY:</b>							
Contributed Capital	-	-	386	-	144,532	-	144,918
Retained Earnings	-	-	187,942	286,501	84,416	1,062	559,921
Fund Balances:							
Unreserved - Designated	42,710	76,267	-	-	-	-	118,977
<b>Total Fund Equity</b>	<b>42,710</b>	<b>76,267</b>	<b>188,328</b>	<b>286,501</b>	<b>228,948</b>	<b>1,062</b>	<b>823,816</b>
<b>Total Liabilities and Fund Equity</b>	<b>\$ 182,402</b>	<b>\$ 76,267</b>	<b>\$ 188,340</b>	<b>\$ 586,521</b>	<b>\$ 734,509</b>	<b>\$ 3,967</b>	<b>\$ 1,772,006</b>

**CONDENSED STATEMENT OF REVENUES, EXPENSES, AND  
CHANGES IN FUND EQUITY - ALL DISCRETELY PRESENTED  
COMPONENT UNITS - PROPRIETARY FUNDS**

DOLLARS IN THOUSANDS	DENVER METROPOLITAN MAJOR LEAGUE BASEBALL STADIUM DISTRICT	UNIVERSITY OF COLORADO HOSPITAL AUTHORITY	COLORADO WATER RESOURCES AND POWER DEVELOPMENT AUTHORITY	COLORADO UNINSURABLE HEALTH INSURANCE PLAN	TOTAL
OPERATING REVENUES	\$ 957	\$ 329,897	\$ 34,824	\$ 4,118	\$ 369,796
OPERATING EXPENSES:					
Depreciation	4,408	23,795	433	2	28,638
Other Operating Expenses	81	296,630	26,486	8,315	331,512
Total Operating Expenses	4,489	320,425	26,919	8,317	360,150
Operating Income/Excess (Loss)	(3,532)	9,472	7,905	(4,199)	9,646
Non-Operating Revenues and (Expenses)/Transfers:					
Taxes	37,350	-	-	-	37,350
Other	(4,505)	5,945	-	3,492	4,932
Transfers, net	-	-	2,663	-	2,663
Total Non-Operating Revenues and (Expenses)/Transfers	32,845	5,945	2,663	3,492	44,945
Net Income/Change in Retained Earnings	29,313	15,417	10,568	(707)	54,591
Fund Equity - Beginning of Year	159,015	236,782	192,274	1,769	589,840
Additions (Deductions) to Contributed Capital	-	34,302	26,106	-	60,408
Fund Equity - End of Year	\$ 188,328	\$ 286,501	\$ 228,948	\$ 1,062	\$ 704,839

**P. OTHER DISCLOSURES**

**Primary Government**

The Governor's Office of Innovation and Technology received on-behalf payments in the amount of \$121,900 for salaries. The Governor's Office was not legally responsible for payment of these salaries, and it recorded equivalent amounts of revenue and expenditure for these payments in the General Fund. However, these revenues and expenditures were not included in the *Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - Budgetary Basis Budget and Actual - General Fund*.

The Colorado Medical Services Foundation, a related organization, was established to support patient billing and collections for physician fees for the University of Colorado Health Sciences Center. During Fiscal Years 2000-01 and 1999-00, the university was reimbursed \$87.4 million and \$82.1 million, respectively, from the foundation for salaries, fringe benefits, and related costs. In addition, the foundation reimbursed the university \$1.10 million and \$.65 million for professional liability insurance and administrative costs in Fiscal Year 2000-01 and Fiscal Year 1999-00, respectively. The foundation also provided the university with gift funds of \$9.4 million in Fiscal Year 2000-01. At June 30, 2001, the foundation owed the university \$260,944, which was related to underpayment of salaries, fringe benefits, and other operating costs.

The University of Colorado Foundation, Inc., an unconsolidated affiliated corporation, was established in 1967 as a separate corporation to solicit, collect, and invest donations for the university. The foundation distributed \$58.5 million and \$40.1 million to the university in Fiscal Year 2000-01 and 1999-00, respectively. The University of Colorado is the ultimate beneficiary of substantially all of foundation's endowment funds, which included \$58.7 million and \$62.0 million, respectively, at June 30, 2001 and 2000.

The Colorado State University Foundation was established to receive, manage, and invest philanthropic gifts to Colorado State University. During Fiscal Years 2000-01 and 1999-00, the foundation transferred \$15.8 and \$20.9 million, respectively, to the university.

The Fort Lewis College Foundation was established to assist in promoting, developing, and enhancing the facilities and programs of the college. During Fiscal Years 2000-01 and 1999-00, the foundation transferred \$972,931 and \$2,293,314 respectively, to the college.

The Adams State College Foundation was established to provide scholarships and work study grants to students, as well as, providing program development grants to Adams State College. The foundation provided \$1,001,297 and \$320,869 in scholarships and grants during Fiscal Year 2000-01 and Fiscal Year 1999-00, respectively.

The Mesa State College Foundation was established to provide financial assistance to Mesa State College students and to assist the college in serving educational needs. In Fiscal Year 2000-01, the foundation donated capital assets valued at \$364,000 to the college. The foundation also authorized the transfer of \$433,350 to the college, of which, \$280,105 was due from the foundation at June 30, 2001.

The Metropolitan State College of Denver Foundation, Inc. was organized and is operated to promote the general welfare of the Metropolitan State College of Denver. The foundation provided \$1.32 million and \$1.15 million of funding to the college in Fiscal Year 2000-01 and Fiscal Year 1999-00, respectively. The foundation also reimbursed the college \$80,136 for services provided by a college employee.

The Western State College Foundation was established to aid Western State College in fulfilling its educational mission. The foundation transferred \$1,183,014 to the college in Fiscal Year 2000-01.

The Community College of Aurora Foundation provides funding and other resources for the development of the Community College of Aurora. The foundation reimbursed the college \$506,900 for maintenance costs and transferred \$22,700 to the college for scholarships and grants. At June 30, 2001, \$126,725 of the maintenance costs were recorded as receivable from the foundation.

The Front Range Community College Foundation was established to aid Front Range Community College in fulfilling its educational mission. The foundation transferred \$116,474 to the college in Fiscal Year 1999-00 for student scholarships and instructional program support.

The Morgan Community College Foundation was established to promote the advancement of education and educational facilities at Morgan Community College. The foundation transferred \$144,765 to the college in Fiscal Year 2000-01 for student scholarships, operations, and capital purchases.

The Pueblo Community College Foundation was established to aid Pueblo Community College in fulfilling its educational mission. During Fiscal Year 2000-01, the foundation transferred \$165,714 to the college for scholarships and \$848,018 for equipment and building improvements.

The Red Rocks Community College Foundation was established to aid Red Rocks Community College in fulfilling its educational mission. During Fiscal Year 2000-01, the foundation sponsored \$167,680 of scholarships made by the college. The college expended \$181,450 in support of the foundation's staff and operations. The foundation owed the college \$116,858 at June 30, 2001, for scholarships disbursed.

The University of Northern Colorado Foundation, Inc. was established in February 1966 to promote the welfare, development, growth, and well being of the University of Northern Colorado. The foundation donated \$3,649,147 to the university in Fiscal Year 2000-01. At June 30, 2001, \$245,205 was due from the foundation to the university.

The Colorado School of Mines Foundation, Inc. was established in 1928 as a separate corporation to benefit the School of Mines by soliciting, collecting, and investing donations. During Fiscal Years 2000-01 and 1999-00, the school received \$9,227,972 and \$8,313,341, respectively, from the foundation. The foundation owed the school \$291,442 at June 30, 2001. In the event of the Foundation's dissolution, any remaining assets will be transferred to the Colorado School of Mines.

The Colorado School of Mines Building Corporation was established in 1976 to build a facility to house the United States Geological Survey. The Geological Survey leases the facility from the corporation. The net assets of the corporation at June 30, 2001, and June 30, 2000 were \$1,890,840 and \$1,993,501, respectively.

The Auraria Foundation was established to carry out certain financial arrangements related to the statutory mission of the Auraria Higher Education Center (AHEC). During Fiscal Year 2000-01, the foundation paid AHEC \$250,000 for the construction of a Performing Arts Building. The foundation reimbursed AHEC \$173,655 for managerial and administrative costs during Fiscal Year 2000-01.

During Fiscal Years 2000-01 and 1999-00, the Department of Local Affairs distributed \$158,024 and \$1,125,000, respectively, to the Colorado Housing and Finance Authority (CHAFA), a related party. The Fiscal Year 2000-01 distribution was the final distribution for revenues earned in prior years, and no amount was due to CHAFA at June 30, 2001.

The Great Outdoors Colorado Board (GOCO) is a constitutionally created entity whose purpose is to administer the Great Outdoors Colorado Program and Trust Fund. The purpose of the program is to promote the wildlife and outdoor recreation resources of the state using funds it receives from the Colorado Lottery. During Fiscal Years 2000-01 and 1999-00, the board funded \$16,265,615 and \$9,821,345, respectively, of wildlife and parks programs at the Department of Natural Resources. At June 30, 2001, GOCO owed the Department of Natural Resources \$6.77 million.

### **Component Units**

The University of Colorado Hospital Authority provided charity care primarily to individuals meeting federal poverty guidelines valued at \$50.2 million and \$49.9 million for the years ended June 30, 2001 and 2000,

respectively. Since, these amounts are not collectible they are not reported as net patient revenue. However, the Hospital Authority received a net state appropriation of \$6.7 million and \$8.1 million in Fiscal Years 2000-01 and 1999-00 respectively for charity care. In addition, the hospital participates in the Colorado Disproportionate Share Hospital Program. The hospital received related reimbursements from the state of \$24.7 and \$18.8 million for the years ended June 30, 2001 and 2000, respectively.

The Hospital Authority and the University of Colorado Health Sciences Center have developed and received approval for an Institutional Master Plan to create a new academic health sciences center over the next 20 to 50 years. The U.S. Department of Education and the U.S. Army approved the transfer of 186 acres of land and buildings at the Fitzsimons Army Medical Center to the University of Colorado in federal Fiscal Year 2002-03. The Army has conveyed 88 acres under quitclaim deeds in advance of the official transfer. The quitclaim deeds include conditions subsequent that if not met provide for reverting the property to the United States. The Authority entered a 30-year Ground Lease agreement with the University of Colorado Regents for 18.4 acres with a one-dollar annual fee. The agreement provides for renewals up to 99 years, and with certain exceptions, the Ground Lease states that the Authority shall own all buildings or improvements, which it constructs on the property.

Under the Operating Agreement between the University of Colorado Regents and the University of Colorado Hospital Authority dated July 1, 1990, the Regents have entered into contracts with the hospital for the provision of services in support of programs and operations of the University of Colorado Health Sciences Center. Amounts of approximately \$27.2 million and \$26.6 million were paid for these services in Fiscal Years 2000-01 and 1999-00, respectively. Other contracts with the Regents for storage facilities, student health services, and research projects resulted in reimbursements of approximately \$6.8 million and \$7.7 million in Fiscal Years 2000-01 and 1999-00, respectively.

The hospital entered certain provider and network management agreements with the TriWest. TriWest was formed to deliver health care services to eligible beneficiaries of TriCare, formerly CHAMPUS – the Civilian Health and Medical Program of the Uniformed Services. On June 27, 1996, the U.S. Department of Defense awarded TriWest the TriCare contract for a five-year period that began April 1997. As part of the agreements, the hospital purchased a minority interest in TriWest for approximately \$3.3 million. This investment

was recorded as “Other Assets” and is accounted for under the cost method. The hospital agreed to secure a letter of credit for \$4.6 million to cover the hospital’s share of any potential losses of TriWest. At June 30, 2000, no amounts had been drawn on the letter of credit and it was terminated in August 2001.

The hospital has contracted with University Physicians, Inc. (UPI), a related party, for the administration of various hospital programs and professional laboratory services. The hospital and UPI have also entered other joint arrangements in furthering the missions of both organizations. Amounts of approximately \$23.4 million and \$23.0 million were paid for these programs during Fiscal Years 2000-01 and 1999-00, respectively.

The hospital has negotiated with UPI to assume 30 percent participation in the hospital’s investment in TriWest. The hospital is also negotiating with UPI to obtain retroactive payment equal to 30 percent of the hospital’s recently extinguished letter of credit commitment. In a separate negotiation, UPI has signed a fee agreement with the Hospital to assume its network management commitments.

The hospital leases certain employees to the Adult Clinical Research Center (CRC), a related party, at full cost and provides overhead and ancillary services for CRC patients. Charges of approximately \$1.45 million and \$1.16 million were billed to CRC for the cost of these services during Fiscal Years 2000-01 and 1999-00, respectively. The hospital also leases certain employees to the Colorado Psychiatric Hospital (CPH), a related party, and provides various clinical and administrative services. Amounts for these services charged by the hospital were approximately \$4.4 million and \$5.8 million during Fiscal Years 2000-01 and 1999-00, respectively. Amounts due from the Health Sciences Center, including CPH and CRC, amounted to \$2.0 million and \$5.8 million at June 30, 2001 and 2000, respectively.

Chartwell Rocky Mountain Region is a Colorado general partnership between the hospital and Chartwell Home Therapies Limited Partnership, a Massachusetts limited partnership. Chartwell Rocky Mountain Region was formed to provide home infusion and respiratory services to alternate-site patients. The partnership began in April 1996. The hospital and Chartwell Home Therapies Limited Partnership each have a 50 percent ownership in Chartwell Rocky Mountain Region.

**NOTE IV. COMMITMENTS AND CONTINGENCIES****A. LEASE COMMITMENTS****Primary Government**

The state may enter lease or rental agreements for buildings or equipment. All leases contain clauses indicating that continuation of the lease is subject to funding by the legislature. It is reasonably assured that most of these leases will be renewed in the normal course of business. They are therefore treated as noncancelable for financial reporting purposes.

At June 30, 2001, the state had \$3.9 million of land, \$155.4 million of buildings, and \$106.6 million of equipment under capital leases. The state anticipates \$7,183,067 of minimum sublease rentals, and it paid \$17,183 of contingent rentals during Fiscal Year 2000-01.

Colorado State University Research Foundation, a related party, is a not-for-profit Colorado corporation, established to aid and assist the three institutions governed by the State Board of Agriculture in their research and educational efforts. The support provided by the foundation to the institutions includes patent and licensing management, equipment leasing, municipal lease administration, debt financing, and land acquisition, development and management. Colorado State University System is subleasing space from the foundation. The total obligation is \$772,000 with average annual lease payments of \$386,000. Colorado State University is also subleasing space from the foundation. The total obligation is \$1,939,000, with average annual lease payments of \$909,000. The university and the system are also leasing equipment from the foundation and have a total lease obligation of \$693,000 with terms ranging from one to six years.

Fort Lewis College leases assets from the Fort Lewis College Foundation and had a lease payable of \$327,640 at June 30, 2001.

Future minimum payments at June 30, 2001, for existing leases were as follows:

(Amounts in Thousands)			Capital Leases				
			Fiscal Year	Operating Leases	Enterprise Funds	Internal Service Funds	Trust & Agency Funds
	2002	\$ 38,379	\$ 263	\$ 14,461	\$ 30	\$ 7,147	\$ 15,283
	2003	30,929	259	11,601	16	6,364	13,691
	2004	26,234	239	8,743	6	4,683	12,876
	2005	21,438	94	4,940	1	4,568	12,347
	2006	14,940	30	2,556	-	2,718	15,260
	Thereafter	43,039	8	1,076	-	1,784	90,665
Total Minimum Lease Payments		<u>\$ 174,959</u>	893	43,377	53	27,264	160,122
Less: Imputed Interest			(106)	(4,051)	(8)	(3,514)	(58,014)
Present Value of Minimum Lease Payments			787	39,326	45	23,750	102,108
Less: Current Portion			(206)	(12,805)	-	-	(1,291)
Total Capital Lease Obligations			\$ 581	\$ 26,521	\$ 45	\$ 23,750	\$ 100,817

Morgan Community College made lease payments of \$66,950 to the Morgan Community College Foundation for classroom facilities.

Pueblo Community College leases equipment from the Pueblo Community College Foundation. The outstanding balance of the lease payable at June 30, 2001, was \$44,880.

Auraria Higher Education Center made payments of \$106,185 to the Auraria Foundation for rent and in connection with the lease purchase of the AHEC Administration Building.

The state is obligated under certain leases that it accounts for as operating leases. Operating leases do not give rise to property rights or lease obligations. Therefore, the results of the lease agreements are not reflected in the balance sheets of the funds or account groups.

For Fiscal Year 2000-01, the state had building and land rental expenditures of \$32.2 million and equipment and vehicle rental expenditures of \$37.7 million paid to non-state agencies. It recorded \$3.8 million of lease interest costs of which approximately \$1.3 million was for certificates of participation for capital financing, \$2.0 million was for state motor fleet vehicle leasing, and \$.5 million was for other capital leases.

The \$1.15 million of capital lease proceeds shown in the governmental funds on the *Combined Statement of Revenues, Expenditures, and Changes in Fund Balance* primarily represents lease financing of computers by the Department of Human Services. An equivalent amount of capital outlay expenditure is recognized at the inception of the lease to avoid any impact on fund balance.

## Component Units

The University of Colorado Hospital Authority leases certain equipment under noncancelable operating leases. Rental expense for operating leases approximated \$6.0 million and \$5.8 million for Fiscal Years 2000-01 and 1999-00, respectively. Future minimum lease payments for these leases at June 30, 2001, are:

(Amounts in Thousands)		
Fiscal Year		
2002	\$	6,148
2003		689
2004		662
2005		662
2006		571
Thereafter		1,149
Total Minimum Obligations	\$	9,881

The Colorado Water Resources and Power Development Authority leases office facilities under an operating lease. Total rental expense for the year ended December 31, was \$99,167 in 2000 and \$95,898 in 1999. The minimum annual rental commitments under this lease are \$106,430 for 2001, and \$113,024 for 2002.

## B. NOTES AND BONDS PAYABLE

### Primary Government

Many institutions of higher education, the highway fund, state nursing homes, and the Colorado Student Obligation Bond Authority have issued bonds and notes for the purchase of equipment, construction of facilities and infrastructure, and to finance student borrowing. Specific user revenues are pledged for the payments of interest and future retirement of the obligations. During Fiscal Year 2000-01, the state had \$280.3 million of available net revenue after operating expenses to meet the \$140.2 million of debt service requirement related to these bonds.

The State Fair Authority is required by its bond covenant to generate sufficient revenue to cover general operating expenses plus 125 percent of the annual debt service on its outstanding bonds. The Authority was not in compliance with this requirement for the year ended June 30, 2001. However, the amount of the long-term debt (\$1.8 million) is not material to the state, and the state has no indication that the creditor will call the obligation. Therefore, the obligation remains classified as long term. The state is not aware of any other violations of note or bond covenants by itself or any of its institutions at June 30, 2001, or after that date.

On June 16, 2001, The Colorado Department of Transportation issued Transportation Revenue Anticipation Notes, Series 2001A (TRANs) in the amount of \$506,370,000. Voters authorized the issuance in the November 1999 election. The TRANs have terms varying from 5 to 15 years and interest rates ranging from 4.0 percent to 5.5 percent. The TRANs are payable solely from certain federal and state funds annually allocated by the State Transportation Commission. Of the \$1.03 billion outstanding at June 30, 2001, the amount to be repaid from federal sources is \$490.05 million and is shown on the *Combined Balance Sheet – All Fund Types and Account Groups* as Amount to Be Provided For Retirement of Long-Term Obligations – From Federal Revenues. Before the November 1999 vote, the Colorado Supreme Court determined that the TRANs do not constitute general obligation debt of the state.

The state recorded \$114.4 million of interest costs of which the Colorado Student Obligation Bond Authority paid approximately \$36.6 million on borrowings to finance student loans, higher education paid \$20.8 million primarily for construction project debt service, the highway fund paid \$33.8 million related to the TRANs discussed above, the state treasurer paid \$14.6 million on short term borrowings for cash flow purposes, the Colorado Student Loan Program paid \$8.1 million, and the remaining \$.6 million was for other operating interest.

Annual maturities of notes and bonds payable, including \$3.3 million classified as other current liabilities and \$2.4

million of unamortized bond discounts and premiums, are as follows:

(Amounts in Thousands)

Fiscal Year	Revenue Bonds	Mortgages Payable	Installment Notes	Total
2002	151,463	66	395	151,924
2003	190,476	66	202	190,744
2004	144,907	66	12	144,985
2005	143,112	66	12	143,190
2006	207,812	66	4	207,882
2007-2011	942,617	18,794	-	961,411
2012-2016	766,833	-	-	766,833
2017-2021	146,634	-	-	146,634
2022-2026	233,235	-	-	233,235
2027-2031	84,192	-	-	84,192
2027-2031	261,514	-	-	261,514
Total Future Payments	3,272,795	19,124	625	3,292,544
Less: Imputed Interest	(1,223,941)	(108)	(6)	(1,224,055)
Total Principal Payments	\$2,048,854	\$ 19,016	\$ 619	\$2,068,489

### Component Units

The debt service requirements to maturity for the Water Resources and Power Development Authority at December 31, 2000, are:

(Amounts in Thousands)

Year	
2001	\$ 48,356
2002	47,578
2003	47,283
2004	47,151
2005	46,083
Thereafter	479,735
Total Future Payments	716,186
Less: Imputed Interest	(266,654)
Unamortized Premium/Discount and Deferred Cost	(2,223)
Total Bonds Payable	\$ 447,309

The Denver Metropolitan Major League Baseball Stadium District in-substance defeased all of its outstanding debt in October 2000. At the date of defeasance, all unamortized loss on refunding and unamortized bond discounts and issuance costs were included in the calculation of current period debt service costs.

All of the Water Resources and Power Development Authority's Small Water Resources Program bonds and the Series 1989A and Series 1990A Clean Water Revenue Bonds are insured as to payment of principal and interest by Financial Guaranty Insurance Company. The Clean Water Revenue Bonds, Series 1992A are insured as to

payment of principal and interest by Financial Security Assurance, Inc. The Wastewater Revolving Fund Refunding Revenue Bonds, Series 1996A are insured as to payment of principal and interest by AMBAC Indemnity Corporation. Total interest paid during 2000 amounted to \$20,971,838.

During Fiscal Years 2000-01 and 1999-00, the University of Colorado Hospital Authority met all the financial ratio requirements of its bond indenture. Cash paid for interest by the hospital in Fiscal Years 2000-01 and 1999-00 approximated \$12.5 million and \$13.1 million, respectively. Total interest cost capitalized in Fiscal Year 2000-01 amounted to \$2.0 million, which is net of \$1.9 million in investment income from the unexpended bond funds. The aggregate maturities of long-term debt for University of Colorado Hospital Authority at June 30, 2001, are:

(Amounts in Thousands)

Year	
2002	\$ 3,430
2003	4,170
2004	4,350
2005	4,545
2006	4,770
Thereafter	226,355
Total Long-Term Debt Payments	247,620
Less: Unamortized Discount	(3,325)
Deferred Amount on Refunding of Series 1997A Bonds	(8,004)
Total Carrying Amount of Long-Term Debt	\$ 236,291

### C. CHANGES IN LONG-TERM LIABILITIES

#### Primary Government

Changes in long-term liabilities are summarized as follows:

(Amounts in Thousands)				
Fund Type or Account Group	Balance July 1	Changes		Balance June 30
		Additions	Reductions	
Leases Payable:				
Proprietary	\$28,640	\$12,533	\$14,071	\$27,102
Trust and Agency	51	21	27	45
Long-Term Debt Account Group	29,388	1,146	6,784	23,750
Higher Education	113,189	655	13,027	100,817
Subtotal	171,268	14,355	33,909	151,714
Bonds Payable:				
Proprietary	718,249	20	30,192	688,077
Long-Term Debt Account Group	524,360	506,370	1,850	1,028,880
Higher Education	346,007	64,813	65,267	345,553
Subtotal	1,588,616	571,203	97,309	2,062,510
Compensated Absences:				
Proprietary	4,240	574	270	4,544
Trust and Agency	221	58	35	244
Long-Term Debt Account Group	112,275	11,392	8,785	114,882
Higher Education	85,207	26,219	9,379	102,047
Subtotal	201,943	38,243	18,469	221,717
Other Long-Term Liabilities:				
Governmental				
Deposits Held in Custody	10	11	7	14
Funded Compensated Absences	241	-	141	100
Proprietary				
Unpaid Insurance Claims	207	-	195	12
Prepaid Tuition Contracts	77,937	1,363	-	79,300
Expired Warrants Liability	115	5	1	119
Trust and Agency				
Tax Refunds Payable	93	25	-	118
Treasury Escheats	1,450	71	-	1,521
Deposits Held in Custody	56,996	6,871	3,033	60,834
Long-Term Debt Account Group				
Risk Management Claims	95,711	-	24,682	71,029
Unpaid Insurance Claims	1,156	-	342	814
Labor Fund Claims	166,939	-	10,678	156,261
Highway Construction Advances	1,000	-	-	1,000
Court Award	-	9,323	-	9,323
Medicaid Judgment	18,000	-	-	18,000
Higher Education				
Risk Management Claims/Other	30,570	9,036	11,534	28,072
Subtotal	450,425	26,705	50,613	426,517
Totals	\$2,412,252	\$650,506	\$200,300	\$2,862,458

The following obligations, listed by fund type, represent amounts owed by the state at June 30, 2001, which are classified as other long-term liabilities on the balance sheet.

Funded Compensated Absences in the General Fund are liabilities for payment to employees of the state working in county employment service centers. Expenditures are recognized as the employee earns leave time.

Unpaid Insurance Claims in the Proprietary Funds are the noncurrent liabilities for payments of medical and dental benefits by the State Employees and Officials Group Insurance Plan. Beginning January 1, 2000, the state began purchasing commercial insurance to cover these risks.

Prepaid Tuition Contracts in the Proprietary Funds are the liability associated with guarantees to pay future tuition costs.

Expired Warrants Liability in the Proprietary Funds is for warrants issued by the Lottery Fund that have expired but for which the Lottery would be liable if the payee submitted a claim for reissue.

Tax Refunds Payable in the Trust and Agency Funds are bonds posted by taxpayers concerning the collections of gross-ton-mile and fuel tax, and the deferment of delinquent severance taxes estimated to be collected after more than one year.

Treasury Escheats in the Trust and Agency Funds reflect liabilities recorded related to perpetual property rights of individuals. The property rights are from assets that financial institutions and insurance companies have transferred to the state treasurer under state law. The amount recorded is an estimate based on historical claims of the fund.

The Risk Management Claims in the Long-Term Debt Account Group are the actuarially determined amounts in excess of the current liability in the General Fund related to self-insurance of general liability. It also represents expected claims under the prior Paid Loss/Retro Plan and the state's current self-insurance plan for workers' compensation.

The Unpaid Insurance Claims in the Long-Term Debt Account Group are for the Department of Human Services workers' compensation self-insurance. A third-party claims administrator currently manages the plan.

Long-term liabilities of the Labor Fund are recorded in the General Long-Term Debt Account Group. Estimated future payments are actuarially determined. Benefits are expected to be funded through future revenues from a special tax on

workers' compensation premiums, court awards, and interest income.

Highway Construction Advances in the Long-Term Debt Account Group are related to funds that a local government provided to the Department of Transportation. The Department uses these funds to accelerate highway construction projects of interest to the local government. The funds will be repaid to the local government at the time the project was originally scheduled to be completed.

The Court Award in the General Long Term Debt Account Group is related to a class action suit by a group of taxpayers. The Department of Revenue has appealed the award, and it does not expect to make payment within one year.

The Medicaid Judgment in the General Long Term Debt Account Group is the result of a lawsuit over Medicaid rates paid to a health maintenance organization. The state lost the suit but is appealing the judgment awarded.

The Risk Management Claims in the College and University Funds are primarily for the University of Colorado's self-insurance program for general liability, property, workers' compensation, medical benefits, and medical malpractice. Colorado State University's liabilities for medical, dental and short-term disability benefits for faculty and staff are also included in this amount. These balances are actuarially determined.

Long-term liabilities that are actuarially determined often include amounts for claims that are incurred but not yet reported. Since these liabilities are not based on individually identifiable claims, it is not practicable to report gross additions and reductions. See Note IV-E for the amount of claims reported and paid and other adjustments to these actuarially determined liabilities.

## Component Units

(Amounts in Thousands)

	Denver Metropolitan Major League Baseball Stadium District	University Of Colorado Hospital Authority	Colorado Water Resources and Power Development Authority	Totals
Beginning Balance	\$ 46,133	\$ 241,736	\$ 379,498	\$ 667,367
Obligations Issued	-	-	93,795	93,795
Obligations Retired or Reclassified	(46,133)	(2,976)	(22,657)	(71,766)
Increase (Decrease) in Comp. Absences	-	1,009	-	1,009
Increase (Decrease) in Other Liabilities	-	-	1,715	1,715
Ending Balance	\$ -	\$ 239,769	\$ 452,351	\$ 692,120

## D. DEFEASED DEBT

### Primary Government

Debt is defeased by depositing in escrow accounts an amount sufficient, together with known minimum investment yields, to pay principal, interest, and any redemption premium on the debt to be defeased. During Fiscal Year 2000-01, debt was defeased in the College and University Plant Funds.

During Fiscal Year 2000-01 the University of Colorado defeased \$21,600,245 of its Regents of the University of Colorado Research Building Revolving Fund Revenue Bonds, Series 1989 and Series 1992, by issuing \$21,100,000 of Regents of the University of Colorado Enterprise System Revenue Refunding Bonds, Series 2001A. The old debt had an interest rate of 5.64 percent and remaining term of 11 years. The new debt interest rate is 4.4 percent, and it has a term of 11 years. The University reduced its debt service cash flows by \$1,539,854 and reported an economic gain of \$1,044,034. The transaction resulted in an accounting loss of \$1,050,834 that the University reported in the plant funds.

During Fiscal Year 2000-01, the University of Colorado defeased \$3,020,000 of its Regents of the University of Colorado Enterprise System Revenue Refunding Bonds, Series 1994, by placing the proceeds from the sale of the property financed by the bonds with an escrow agent. The debt defeased had interest rates ranging from 6 to 6.6 percent and a remaining term of 8 years. There was no economic gain or loss on the transaction; however, the University recorded an accounting loss of \$220,824 in the plant funds.

The remaining balances of amounts previously placed in escrow type accounts with paying agents for the college and university funds are as follows:

(Amount in Thousands)

Institution	Amount
University of Colorado	\$ 27,565
Colorado State University	14,061
University of Northern Colorado	11,635
Auraria Higher Education Center	10,320
School of Mines	10,260
Western State College	10,905
Fort Lewis College	8,251
Pueblo Community College	2,965
Univ. of Colorado Health Sciences	3,020
Red Rocks Community College	2,730
Adams State College	515
Arapahoe Community College	85
University of Southern Colorado	10
Total	<u>\$ 102,322</u>

### Component Units

The Denver Metropolitan Major League Baseball Stadium District in-substance defeased all of its outstanding debt in October 2000. The face amount of 1991 and 1994 revenue bonds defeased was \$38.4 million. The 1994 bonds were issued to advance refund a substantial portion of the District's 1991 revenue bonds. Total debt service, including principal and interest, remaining for the District's in-substance defeased debt was \$160.4 million at December 31, 2000. This included \$85.2 million of debt service related to the 1994 advance refunding.

The Colorado Water Resources and Power Development Authority had \$48.2 million of bonds previously issued but defeased at December 31, 2000.

On November 1, 1997, the University of Colorado Hospital Authority issued \$123.9 million in Hospital Refunding Revenue Bonds to advance refund Series 1992A bonds. At June 30, 2001, \$106.8 million of bonds outstanding are considered defeased. The refunding resulted in a deferred loss, which the hospital is charging to operations through Fiscal Year 2022-23. At June 30, 2001, the unamortized deferred loss on refunding is \$8.0 million. The hospital completed the advance refunding to reduce its total debt service payments over the subsequent 25 years by \$6.5 million and to obtain an economic gain of \$3.7 million.

## E. RISK MANAGEMENT

### Primary Government

The state currently self-insures its agencies, officials, and employees for certain risks of losses to which they are exposed. These include general liability, motor vehicle liability, and workers' compensation. The Risk Management Fund is a restricted General Fund used to account for claims adjustment, investigation, defense, and authorization for the settlement and payment of claims or judgments against the state except for employee medical claims. The State Employees and Officials Insurance Fund is an Internal Service Fund established for the purpose of risk financing employee and state-official medical claims. The fund includes several medical plan options ranging from provider of choice to managed care. Before January 1, 2000, the state was self-insured for medical claims. After January 1, 2000, the state and its employees paid premiums for insurance purchased to cover medical claims. Property claims are not self-insured; the state has purchased property insurance.

All funds and agencies of the state, with the exception of the public authorities and the University of Colorado, participate in the Risk Management Fund. Agency premiums are based on an assessment of risk exposure and historical experience. Liabilities are reported when it is probable that

a loss has occurred and the amount of that loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported. Because actual claims liabilities depend on such complex factors as inflation, changes in legal doctrines, and damage awards, the process used in computing claims liability does not necessarily result in an exact amount. Claims liabilities are evaluated periodically to take into consideration recently settled claims, the frequency of claims, and other economic and social factors. A contractor completed an actuarial study during Fiscal Year 2000-01 determining both the short and long-term liabilities of the Risk Management Fund.

Colorado employers are liable for occupational injuries and diseases of their employees. Benefits are prescribed by the Workers' Compensation Act of Colorado for medical expenses and loss of wages resulting from job-related disabilities. The state uses the services of the Colorado Compensation Insurance Authority, a related party, to administer its plan. The state reimburses the Authority for the current cost of claims paid and related administrative expenses.

During Fiscal Years 1998-99, 1997-98, and 1996-97 medical claims against the State Employees and Officials Insurance Fund (SEOGI) exceeded the premiums collected. This resulted in decreases in the medical reserve fund equity of approximately \$4.7 million, \$3.8 million, and \$6.5 million respectively. In Fiscal Year 1999-00, State Employees and Officials Insurance Fund (SEOGI) began purchasing insurance to address the continuing decrease in the medical reserve fund equity. The fund continues to pay claims under the self-insured plan through December 31, 2001.

Before January 1, 1999, the State Employees and Officials Insurance Fund provided an employer paid short-term disability plan for all employees. On January 1, 1999, the Public Employees Retirement Association (PERA) began covering short-term disability claims for state employees eligible under its retirement plan. (See Note V-A.) SEOGI continues to provide short-term disability coverage for employees not yet qualified for the retirement plan and limited benefits for employees also covered under the PERA short-term disability plan. The SEOGI program provides an employee with 60 percent of their pay beginning after 30 days of disability or the exhaustion of the employee's sick leave balance, whichever is later. This benefit expires six months after the beginning of the disability. The SEOGI disability plan is essentially self-insured because the third party administrator of the plan has a termination premium agreement that requires the state to reimburse it if there is a deficit over the total period of insurance.

Before October 1, 1996, the Regents of the University of Colorado participated in the University of Colorado

Insurance Pool – a public-entity self-insurance pool. After that date, the university became self-insured for workers' compensation, auto, general and property liability, and employee and university-official medical claims. An actuary projects both the pool and the self-insured plan liabilities. The University purchases excess insurance to cover losses over a self-insured retention or deductible. During plan year 1999, claims exceeded premiums collected for the self-funded health program. Reserves and payments from other University sources were used to offset the resulting deficit. Effective January 1, 2000, the University transitioned to a fully insured health program. As of June 30, 2001, all claims against the self-insured health program have been paid, and there is no remaining liability.

The University of Colorado Health Sciences Center's Housestaff Health Benefits Plan is a comprehensive self-insurance health and dental benefits program for physicians in training at the Health Sciences Center. The University manages excess risk exposure for staff medical claims by purchasing stop-loss insurance. Collections from the stop-loss insurance totaled \$174,421 over the three previous years.

The Center also self-insures its faculty, staff and students for medical malpractice through the University of Colorado Self-Insurance Trust. The discounted liability for malpractice is determined annually by an actuarial study.

Colorado State University provides a medical, dental, short-term disability, and post-retirement health care subsidy plan for academic faculty, administrative professional staff, and certain other employees. The plan was formed in 1985. The medical, dental, and short-term disability plans are funded by monthly contributions of participating employees. The University contributes one percent of covered payroll to the post-retirement health care subsidy. A third party administers the plan and provides actuarial analysis of claims liabilities. The plan purchases re-insurance for claims over \$200,000 and for aggregate claims over 125 percent of expected claims.

The Department of Human Services uses a third-party administrator to manage claims related to the Human Services Workers' Compensation Plan, which was self-insured during the period from July 1, 1985, to June 30, 1990. However, new claims are administered by Risk Management and paid from the Risk Management Workers' Compensation Plan.

There were no significant reductions or changes in insurance coverage from the prior year. Settlements did not exceed insurance coverage in any of the past three fiscal years.

Changes in claims liabilities were as follows:

(Amounts in Thousands)				
Fiscal Year	Liability at July 1	Current Year Claims and Changes in Estimates	Claim Payments	Liability at June 30
Risk Management:				
Liability Fund				
2000-01	\$ 20,488	\$ 445	\$ 3,559	\$ 17,374
1999-00	23,011	1,747	4,270	20,488
1998-99	23,095	1,976	2,060	23,011
Workers' Compensation				
2000-01	101,884	964	20,967	81,881
1999-00	102,586	19,655	20,357	101,884
1998-99	98,328	24,429	20,171	102,586
Employee's and Officials Insurance Fund:				
2000-01	1,705	(562)	1,055	88
1999-00	13,580	35,682	47,557	1,705
1998-99	10,733	66,369	63,522	13,580
University of Colorado:				
General Liability, Property, and Workers' Compensation				
2000-01	13,343	1,195	3,152	11,386
1999-00	15,305	1,433	3,395	13,343
1998-99	16,918	3,270	4,883	15,305
Medical Benefits Plan				
2000-01	1,961	(21)	1,940	-
1999-00	5,820	13,688	17,547	1,961
1998-99	7,902	27,934	30,016	5,820
University of Colorado Health Sciences Center:				
Medical Malpractice				
2000-01	7,671	1,461	1,256	7,876
1999-00	7,839	1,639	1,807	7,671
1998-99	8,167	515	843	7,839
Housestaff Health Benefits				
2000-01	541	2,598	2,588	551
1999-00	553	2,390	2,402	541
1998-99	592	2,436	2,475	553
Colorado State University:				
Medical, Dental, and Disability Benefits				
2000-01	2,816	8,243	7,975	3,084
1999-00	2,614	4,401	4,199	2,816
Department of Human Services:				
Workers' Compensation				
2000-01	1,156	-	342	814
1999-00	1,189	-	33	1,156
1998-99	1,570	-	381	1,189

## Component Units

As of October 1, 1989, the University of Colorado Hospital Authority began self-insuring against malpractice claims in excess of coverage provided by the University of Colorado Self Insurance Risk Management Trust in which the hospital participates. For Fiscal Year 2000-01, the hospital recorded premium and administrative expenses of \$333,000. The trust had a fund balance of \$2.5 million in excess of reserves for losses and loss adjustment expense. The hospital purchases insurance coverage for employee health, dental, and accident claims through the University of Colorado and commercial insurance companies.

The Denver Metropolitan Major League Baseball Stadium District purchases commercial insurance to mitigate most of its risk of loss. It requires its lessee and contractors to cover certain other risks. These parties provided the required coverage at their own cost in 1999 and 2000. There were no significant reductions in insurance coverage from the prior year.

The Colorado Water Resources and Power Development Authority maintains commercial insurance for most all risks of loss. No claims have been made against this commercial coverage in any of the past three fiscal years.

## F. CONTINGENCIES

### Primary Government

The Colorado Governmental Immunity Act sets upper limits on state liability at \$150,000 per person and \$400,000 per occurrence for most claims against the state. Judgments awarded against the state for which there is no insurance coverage or which are not payable from the Risk Management Fund ordinarily require a legislative appropriation before they may be paid.

Numerous court cases are pending in which the plaintiffs allege that the state has deprived persons of their civil rights, or inadequately compensated them for their property. In the aggregate, the monetary damages (actual, punitive, and attorney's fees) claimed in the civil rights cases would exceed the insurance coverage available by a material amount. The state believes it is highly unlikely that there will be actual awards of judgments in material amounts.

The state is the defendant in numerous lawsuits involving claims of inadequate, negligent, or unconstitutional treatment of prisoners and mental patients. In some of these suits, plaintiffs are seeking or have obtained certification as a class for a class action suit. Most of these cases seek actual damages that are not material but include requests

for punitive damages that may be material. There is also the potential that the courts may rule that the current conditions of confinement are unconstitutional.

The state is the defendant in lawsuits by employees accusing the state of various infractions of law or contract. These include claims related to age and sex discrimination, wrongful termination, contractual agreements for paying of salaries based on parity and equity, and overtime compensation under the Federal Fair Labor Standards Act. The state does not believe that any of these cases are material to its financial operations.

Many state agencies have grant and contract agreements with the federal government and other parties. These agreements generally provide for audits of the transactions pertaining to the agreements, with the state being liable to those parties for any disallowed expenditure. The state is contesting the disallowance related to such audits, and the outcome is uncertain at this time.

The Colorado Student Loan Program, in the event of adverse loss experience, could be liable for approximately 25 percent (\$432.5 million) of the outstanding balance of loans in repayment status. However, the probability of a material loss is remote.

A class action suit has been filed against the Department of Health Care Policy and Financing alleging that the department inappropriately denied Medicaid benefits to developmentally disabled clients. The fiscal impact on the state's Medicaid program is estimated in excess of \$50 million.

The U.S. Environmental Protection Agency has, in several instances, either sued the state or given notice of the state's potential responsibility under CERCLA. This includes the School of Mines as well as non-state parties. Issues have arisen because of costs associated with the cleanup of hazardous substances at several sites owned by the state.

The state has been sued for unlawful taking of property in relation to the Colorado Oil and Gas Commission's action to close oil wells for violations of Commission rules. Damages of \$2 billion are sought; however, the amount of a potential award cannot be estimated.

At June 30, 2001, the Lottery Division of the Department of Revenue had outstanding annuity contracts of approximately \$698.2 million in the name of lottery or lotto prizewinners. The probability is remote that any of the sellers of these contracts will default, and thus, require the state to pay the annuity.

The Colorado Department of Revenue has received a claim for refund of \$60 million of estate taxes and related interest. The department estimates that it will take the federal courts from one to three years to set the refund amount, which may range from zero to the amount claimed.

Various notes and bonds have been issued by state school districts that may impact the state. Colorado statutes provide that if a district indicates that it will not make the payment to bondholders by the date on which it is due, the state treasurer shall forward the amount necessary to make the payment to the paying agent. The state shall then withhold state equalization payments to the defaulting school district for a period up to 12 months to cover the state's loss. Currently, notes or bonds valued at over \$4.42 billion are outstanding. Of this amount, \$3.06 billion is covered by private insurance.

The Colorado Department of Transportation is in the process of remediating its leaking underground fuel storage tanks and other hazardous wastes at its facilities. The department has estimated that its future costs will be approximately \$20 million, and the process will not be completed until the year 2010.

The State of Kansas has sued the state in the U.S. Supreme Court for alleged violations of the Arkansas River Compact. The case was bifurcated into a liability and a remedy phase. The Supreme Court ruled in favor of Kansas in one of its three claims and a Special Master was appointed. The Special Master's damage-calculation methodology resulted in damages of over \$40 million, which the State of Colorado challenged in the U.S.

Supreme Court. The Supreme Court reduced the amount of prejudgment interest included in the calculation, but the remainder of the damages will be set at trial. The state estimates that final damages will be as much as \$23 million; however, Kansas may also seek to have its costs reimbursed for as much as \$10 million.

The State of Nebraska has named the State of Colorado in a cross-claim suit in relation to the State of Kansas' suit alleging violations of the Republican River Compact. The State of Colorado has filed related claims against Nebraska and Kansas, and Kansas has counter-claimed against Colorado. Nebraska and Kansas have not specified amounts of damages sought, and the amount cannot be estimated at this time. However, all parties have agreed to drop claims against each other for damages prior to 1994, and therefore, damages are likely to be less than those awarded in the Arkansas River Compact suit discussed above.

A class action suit has been brought against the state seeking damages of \$2.3 billion – equal to the TABOR excess revenue refunds for Fiscal Years 1996-97 through 1999-00. The suit alleges that the refund program violates interstate commerce, equal protection and privileges, and immunity clauses of the U.S. Constitution. It also alleges that the TABOR amendment, under which the refund was made, violates the equal protection and due process clauses of the Colorado Constitution.

The state believes it has a good chance of prevailing in these cases, but the ultimate outcome cannot presently be determined. No provision for any liability that may result has been made in the financial statements.

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**NOTE V. PENSION SYSTEM AND OBLIGATIONS****A. PLAN DESCRIPTION**

Virtually all State of Colorado employees participate in a defined benefit pension plan. The plan's purpose is to provide income to members and their families during retirement or in case of death or disability. The state plan and the other divisions' plans are included in PERA's financial statements, which may be obtained by writing PERA at 1300 Logan Street, Denver, Colorado, 80203.

**Administration of the Plan**

The plan, a cost-sharing multiple-employer defined benefit plan, is administered by the Public Employees' Retirement Association (PERA). PERA was established by state statute in 1931, and it includes the State and School Division Trust Fund, the Municipal Division Trust Fund, and the Judicial Division Trust Fund. The authority to establish or amend plan benefits is retained by the General Assembly in accordance with Title 24, Article 51 of the Colorado Revised Statutes (CRS).

Members with five or more years of service automatically receive the higher of the defined retirement benefit or money purchase benefit at retirement.

**Defined Retirement Benefits**

Plan members are eligible for retirement benefits at age 50 with 30 years of service, age 60 with 20 years of service, or at age 65 with 5 years of service. State troopers and Colorado Bureau of Investigation (CBI) officers are eligible for retirement benefits at the following age and years of service; any age – 30, 50 – 25, 55 – 20, and 65 – 5. Members are also eligible for retirement benefits without a reduction for early retirement if they are at least 55 and have a minimum of 5 years of service credit, and their age plus years of service equals 80 or more.

Reduced service retirement benefits are available at the following age and years of service; 50–25, 55–20, and 60–5. The benefit is calculated similarly to a service retirement benefit; however, it is reduced by percentages that vary from 0.25 to 0.5, depending on age and years of service, for each month before the eligible date for the full service retirement.

Monthly benefits are calculated as a percentage of highest average salary (HAS). HAS is one-twelfth of the average of the highest annual salaries on which contributions were paid, associated with three periods of 12 consecutive months of service credit. Service retirement benefits are calculated at 2.5 percent of HAS for each year of service credit. The benefit is limited to 100 percent (40 years) and cannot exceed the maximum amount allowed by federal law.

After March 1, 2001, PERA benefits increased at 3.5 percent compounded annually; before that date, the benefits increased at the lesser of 3.5 percent compounded annually or the percentage increase in the Consumer Price Index from 1992.

**Money Purchase Retirement Benefit**

A money purchase benefit is determined by the member's life expectancy and the value of the member's contribution account plus a matching amount as of the date of retirement. The matching amount is 100 percent of the member's contributions and interest at the time of retirement. For members who have less than five years of service, a money purchase benefit is payable beginning at age 65.

**Service Requirement and Termination**

Employees who terminate before meeting the required age and years of service are refunded their contributions made to the plan plus interest. Employees terminating after meeting the service requirements may, if they desire, remain in the plan until eligible for retirement. Members who are under age 65 or are not eligible for retirement that withdraw from the plan receive a refund of their contributions, interest on their contributions, plus an additional 50 percent of their contribution and interest. If the withdrawing member has reached age 65 or is retirement eligible, the matching payment increases to 100 percent. The interest rate paid (7.0 percent in 2000) is set at 80 percent of the PERA actuarial investment assumption rate (8.75 percent in 2000). A refund cancels a former member's right to future benefits.

**Disability and Survivor Benefits**

PERA provides a two-tiered disability program. Disabled members who have five or more years of service credit, six months of which has been earned since the most recent period of membership, may apply for disability benefits. If the member is not totally and permanently disabled, they are provided reasonable income replacement through a third party insurance carrier and rehabilitation or retraining services. If the member is totally and permanently disabled they receive disability retirement benefits based on HAS and earned, purchased, and in some circumstances, projected service credit.

If a member dies before retirement, their survivors are entitled to a single payment or monthly benefits. The order of payment to survivors is dependent on the years of service and retirement eligibility of the deceased member. Under various conditions, survivors include qualified children under 18 (23 if a full-time student), the member's spouse, qualified children over 23, financially dependent parents, named beneficiaries, and the member's estate.

## B. FUNDING POLICY

Members and employers are required to contribute to PERA at a rate set by statute. The contribution requirements of plan members and affiliated employers are established under Title 24, Article 51, Part 4 of the Colorado Revised Statutes as amended.

Members are required to contribute 8 percent of their gross covered wages, except for state troopers and Colorado Bureau of Investigation officers, who contribute 10 percent. Annual gross covered wages subject to PERA are gross earnings less any reduction in pay to offset employer contributions to the state sponsored IRC 125 plan established under Section 125 of the Internal Revenue Code.

On January 1, 2001, the state began matching employees' contributions to eligible tax deferred retirement programs under the PERA Matchmaker Program. Starting the state match was contingent on PERA's actuarial determination that the plan was overfunded (actuarial value of assets in excess of actuarial liabilities). In any period in which the plan is overfunded, a reduced contribution rate is calculated that will eliminate the overfunding in ten years. The difference between the statutory rate and the reduced rate is allocated by PERA to three separate programs. During FY00-01, the state contributed 10.4 percent (13.1 percent for state troopers and 14.0 percent for the Judicial Branch) of the employee's gross covered wages which was allocated by PERA before January 1, 2001, as follows:

- 1.1 percent was allocated to the Health Care Trust Fund.
- 9.3 percent was allocated to the defined benefit plan.

After January 1, 2001, the state contribution was allocated to three separate programs by PERA according to a statutory change in funding policy as follows:

- 1.42 percent was allocated to the Health Care Trust Fund. (See Note V-E.) This increase was possible because 30 percent of the reduction in the contribution rate due to overfunding was designated for this purpose.
- The amount needed to meet the match requirement set by the PERA Board was allocated to individual member's eligible voluntary tax-deferred retirement programs. For the calendar year 2001, the matching amount was set at 100 percent of up to 3 percent of employee gross covered wages paid during the month (7 percent for judges in the Judicial Branch). Two percent of gross salary plus fifty percent of any reduction in the overall contribution rate due to overfunding of the pension plan was available for the match.
- The balance remaining after allocations to the Matchmaker Program and the Health Care Trust Fund was allocated to the defined benefit plan.

The state made retirement contributions of \$156.0 million, \$174.2 million, and \$184.9 million, in Fiscal Years 2000-01, 1999-00, and 1998-99, respectively. These amounts do not include the Health Care Fund contribution. For each year, the retirement contribution was equal to the requirement.

## C. OTHER RETIREMENT PLANS

### Primary Government

Some employees of various institutions of higher education may be covered under other retirement plans. Presidents, deans, professors, and instructors in state educational institutions are enrolled in defined benefit plans such as the Teachers Insurance and Annuity Association, the Variable Annuity Insurance Corporation, or other similar plans.

Faculty members at the University of Colorado are also under Social Security. Faculty members at Colorado State University were covered exclusively by PERA until May 1993. Faculty members hired after that time are covered by one of several defined contribution plans. Faculty previously covered by PERA had the choice of converting entirely to the defined contribution plan or remaining in PERA for their service until May 1993, with service after that time credited to the defined contribution plan.

The state made contributions to other pension plans of \$46.0 million and \$42.1 million during Fiscal Years 2000-01 and 1999-00, respectively. In addition, the state paid \$37.9 million and \$35.4 million in FICA or Medicare taxes on employee wages during Fiscal Years 2000-01 and 1999-00, respectively.

PERA offers a voluntary 401(k) plan entirely separate from the defined benefit plan. PERA members may make contributions of up to 23 percent of their annual gross salary, to a maximum of \$10,500. Contributions and earnings are tax deferred. On December 31, 2000, the plan had net assets of \$557.7 million and 35,162 accounts.

The Fire and Police Pension Association, a related party, was established to insure the financial viability of local government pension plans for police and firefighters. In Fiscal Years 2000-01 and 1999-00, the state treasurer transferred \$28.8 and \$28.7 million, respectively, to the association to enhance its actuarial soundness. This included the state's cost for the accidental death and disability insurance policy the association provides to volunteer firefighters.

### Defined Contribution Pension Plan

On July 1, 1998, the state began providing a defined contribution plan for certain employees identified in statute. The plan is authorized in Title 24 Article 54.7 of the Colorado Revised Statutes, and it is established and

administered by the five-member Defined Contribution Retirement Committee. Changes to the plan must be consistent with the authorizing legislation. The state is the sole contributing employer of the plan.

The following classes of state employees are covered: legislators, elected state officials and their deputies, department executive directors appointed by the governor, members of the Public Utilities Commission, employees of the Governor's Office not covered by the state personnel system, and employees of the Senate and House of Representatives. Participation in the plan by eligible employees is voluntary; however, a participant cannot also be an active member in the Public Employees Retirement Association (PERA). At June 30, 2001, 258 individuals had accounts with the defined contribution retirement plan.

The plan provides benefits to participants through purchased annuity contracts, certificates, or similar instruments – all of which are required to be fully portable.

Contributions to the plan are set in statute as a percent of salary, and they are required to be the same as the contributions to the defined benefit plan administered by PERA. During Fiscal Year 2000-01, the state contribution rate was 10.4 percent and the employee was required to contribute 8 percent of gross covered wages.

The financial statements of the Defined Contribution Plan are prepared on the accrual basis in accordance with NCGA Statement 1 and Governmental Accounting Standards Board Statement 25. The Plan recognizes member and employer contributions as revenues in the period in which the employee is compensated. Investments are reported at fair value. The Plan had the following concentrations of investments greater than five percent:

Investment	Balance	Percent
MFS Investors Growth	\$384,049	14%
Vanguard Index 500	382,786	14%
Vanguard Asset Allocation	297,125	11%
Valic Fixed Fund	487,424	18%
T. Rowe Price Small Capitalization	254,780	9%
Templeton World One	179,156	7%
MFS Investors Trust	147,442	5%
MS Large Company Growth	122,870	5%
Other	463,681	17%
Totals	<u>\$2,719,313</u>	<u>100%</u>

### Component Units

Employees of the Colorado Uninsurable Health Insurance Plan, and the Colorado Water Resources and Power Development Authority are covered under the State and School Division of PERA. (See Note V-A.)

The University of Colorado Hospital Authority participates in two retirement plans, which cover substantially all of its employees. The hospital maintained a noncontributory defined benefit pension plan for its employees through March 1995. Under this plan, contributions credited to each covered employee's account were based on a percentage of compensation earned by the employee. Vesting under this plan is based on length of service. Benefits are payable as a lump sum upon retirement or separation or under several annuity options upon retirement.

As of March 31, 1995, a final contribution was credited to the accounts of all covered employees of record on that date, and this plan was frozen. Employee accounts continue to accrue interest based on the Thirty-Year Treasury Constant Maturities rate, and covered employees not fully vested in this plan will continue to earn credit toward vesting under a new plan. As the hospital acts in a fiduciary capacity for this plan and has the ability to amend the plan at its discretion, the plan's assets and related reserves are included in the financial statements as a pension trust fund.

As of April 1, 1995, the hospital amended its retirement plan based on its ability to withdraw from the Old Age, Survivors, and Disability Insurance (OASDI) component of the Federal Insurance Contributions Act (FICA) by virtue of its operation under legislatively granted state authority. The hospital and its employees still contribute to and participate in the Medicare component of FICA. The hospital's amended plan is composed of three distinct components: a Basic Pension Plan, an Investment Account, and a Matching Account.

The Basic Pension Plan is a defined benefit plan with benefits payable based on length of service and average compensation earned by the employee during the five most highly compensated calendar years of service after 1994. Vesting under this component is based on length of service. The hospital's funding policy is to contribute amounts at least equal to the minimum funding requirements of ERISA.

The hospital made contributions of \$5.9 million and \$5.7 million to its defined benefit plans in Fiscal Years 2000-01 and 1999-00, respectively. The actuarially computed net periodic pension cost for this plan was \$5.9 million and \$5.7 million for those years. According to the unaudited actuarial report, the hospital met the annual required contribution in each of the past six fiscal years. Actuarial value of the plan assets was \$70.6 million and \$62.5 million for Fiscal Years 1999-00 and 1998-99, respectively. Excluding U.S. Treasury securities, the plan had six investments where the fair value exceeded five percent of the plan net assets; Glenmede International Portfolio Fund – \$10.2 million, Vanguard Institutional – \$6.7 million, Janus Capital Corporation – \$9.9 million, Becker Capital Management Small Cap Equity – \$7.3 million, Cutler & Company Value Portfolio – \$10.1 million, Reams Asset Management Fixed Income – \$31.7 million.

The Investment Account is a qualified defined contribution retirement plan under the provisions of Internal Revenue Code (IRC) Section 401(a). Employees are required to contribute 6.2 percent of their gross compensation, which is equivalent to what their OASDI contributions were under FICA participation. Employees are always fully vested in this component of the plan. Total compensation covered in this plan for the years ended June 30, 2001 and 2000 was approximately \$109.4 and \$98.9 million, respectively. The hospital is required by law to provide an additional make-up contribution for certain part-time employees equal to 1.3 percent of their compensation until they are fully vested in the Basic Pension Plan. The hospital paid make-up contributions of approximately \$91,000 and \$101,000 for Fiscal Years 2000-01 and 1999-00, respectively.

The Matching Account is a qualified single-employer tax-deferred annuity plan under the provisions of IRC Section 403(b). Employees are eligible to contribute a percentage of their gross compensation, tax-deferred up to legal limitations established under the IRC. In addition, the hospital matches employee contributions 100 percent on the first 3 percent of gross compensation contributed. Employees are always vested 100 percent in their contributions; however, the hospital's matching contributions are subject to a five-year vesting schedule. The hospital's matching contributions for Fiscal Years 2000-01 and 1999-00 were approximately \$2.17 million and \$1.79 million, respectively.

The hospital has contributed to PERA in accordance with actuarially determined funding amounts for their employees who are still state employees. Pension expense related to state employees was \$175,000 and \$213,000 for Fiscal Years 2000-01 and 1999-00, respectively. There were no transfers from PERA to the hospital's pension plan for previous state employees who have transferred their benefits to the hospital's pension plan for the years ended June 30, 2001 and 2000.

#### **D. EMPLOYEE DEFERRED COMPENSATION**

The state initiated a deferred compensation (457) plan for state employees in 1981. This plan uses a third party administrator, and all costs of administration and funding are borne by the plan participants. The assets of the plan are not assets of the state, but are held in trust for the exclusive benefit of plan participants and their beneficiaries. Fund equity of the plan was \$316.7 million and \$365.3 million at June 30, 2001, and June 30, 2000, respectively. The state has no liability for losses under the plan but does have the duty of due care that is required of a fiduciary agent.

#### **E. POST RETIREMENT HEALTH CARE AND LIFE INSURANCE BENEFITS**

##### Health Care Program

The PERA Health Care Program began covering benefit recipients and qualified dependents on July 1, 1986. This benefit was developed after legislation in 1985 established the Program and the Health Care Fund. Legislation enacted during the 1999 session established the Health Care Trust Fund effective July 1, 1999. Under this program, PERA subsidizes a portion of the monthly premium for health care coverage. The benefit recipient pays any remaining amount of that premium through an automatic deduction from the monthly retirement benefit. Effective July 1, 2000, the maximum monthly subsidy is \$230 per month for benefit recipients who are under 65 years of age and who are not entitled to Medicare; and \$115 per month for benefit recipients who are 65 years of age or older or who are under 65 years of age and entitled to Medicare. The maximum subsidy is based on the recipient having 20 years of service credit, and it is reduced by 5 percent for each year under 20 years.

Before January 1, 2001 the Health Care Fund was maintained by a contribution of 1.1 percent of covered salary. After January 1, 2001, the contribution was 1.42 percent of gross covered wages. The state paid contributions of \$21.3 million, \$18.6 million, and \$14.0 million in Fiscal Years 2000-01, 1999-00, and 1998-99, respectively. Monthly premium costs for participants depend on the health care plan selected, the number of persons covered, Medicare eligibility, and the number of years of service credit. PERA contracts with a major medical indemnity carrier to administer claims for self-insured plans, and with health maintenance organizations providing services within Colorado. As of December 31, 2000, there were 32,633 participants, including spouses and dependents, from all contributors to the plan.

##### Life Insurance Program

PERA provides its members access to two group decreasing-term life insurance plans offered by Prudential and Rocky Mountain Life. Active members may join one or both plans, and they may continue coverage into retirement. Premiums are paid monthly by payroll deduction.

##### Other Programs

Separate post-retirement health care and life insurance benefit plans exist in some state colleges and universities but are small in comparison to the PERA plan for state employees. The state has no liability for any of these post-retirement health care and life insurance plans.

**NOTE VI. SUBSEQUENT EVENTS****A. NOTE ISSUANCE****Primary Government**

On July 3, 2001, the state treasurer issued \$150 million in Tax Revenue Anticipation Notes with interest rates ranging from 3.5 to 4.0 percent. The treasurer will repay the notes in June 2002; the notes are primarily issued for cash management purposes.

On October 12, 2001, the state treasurer issued \$600 million in Tax Revenue Anticipation Notes with interest rates ranging from 3.00 to 3.25 percent. The treasurer will repay the notes in June 2002; the notes are primarily issued for cash management purposes.

**Component Units**

On January 18, 2001, the Colorado Water Resources and Power Development Authority issued Small Water Resources Revenue Bonds in the principal amount of \$15,510,000. The bonds consist of serial bonds (\$6,600,000) maturing 2016 and term bonds (\$8,910,000) maturing 2023. Interest on the bonds is payable semi-annually with rates ranging from 3.9 percent to 4.875 percent. The bonds are insured as to payment of principal and interest.

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**COMBINING, INDIVIDUAL FUND, AND ACCOUNT  
GROUP FINANCIAL STATEMENTS AND SCHEDULES**

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## GENERAL FUND

The General Fund is the principal operating fund of the state, and is used to account for all governmental financial resources and transactions not accounted for in another fund. Within the General Fund, the state accounts for a large number of legally segregated activities represented on the Combined Balance Sheet as “Reserved for Statutorily Specified Amounts.” The balance of net assets in the General Fund is not legally segregated and thus, represented on the Combined Balance Sheet as “Fund Balance Unreserved - Undesignated.”

When it is positive, the unreserved undesignated fund balance represents cumulative excess general purpose and related augmenting revenues of the state. General-purpose revenues are revenues that are not designated for specific purposes. The following schedule shows the general-purpose revenues and the expenditures, by department, funded from those general-purpose revenues. The excess augmenting revenues shown represent revenues that were appropriated to support specific expenditures. These revenues in excess of their related expenditures close to undesignated fund balance.

While the following schedule is not a combining statement, it is presented to facilitate budgetary analysis of the General Fund. The purpose of this schedule is to identify the general fund balance available for appropriation. In order to identify that amount, encumbrances of the prior year are subtracted from the revised budget and the actual expenditure columns because they were considered expended in the prior year. In addition, encumbrances at the end of the current year are considered expenditures and are added to the actual column.

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN  
GENERAL FUND SURPLUS - GENERAL FUND  
BUDGET AND ACTUAL - BUDGETARY BASIS  
FOR THE YEAR ENDED JUNE 30, 2001**

(DOLLARS IN THOUSANDS)					
	ORIGINAL ESTIMATE/ BUDGET	REVISED ESTIMATE/ BUDGET	ACTUAL	REVERSIONS OF GENERAL FUND APPROPRIATION	EXCESS AUGMENTING REVENUE EARNED
<b>REVENUES:</b>					
Sales and Use Tax	\$1,705,300	\$1,749,000	\$1,711,770		
Other Excise Taxes	92,000	96,400	97,284		
Individual Income Tax, net	3,936,800	3,800,718	3,866,932		
Corporate Income Tax, net	303,600	315,782	316,397		
Estate Tax	63,300	84,600	82,563		
Insurance Tax	124,800	139,800	141,993		
Parimutuel, Courts, and Other	51,800	49,700	61,808		
Investment Income	45,200	64,500	45,168		
Gaming	25,400	28,600	31,363		
Medicaid Provider Revenues	7,600	7,600	-		
<b>TOTAL GENERAL PURPOSE REVENUES</b>	<b>6,355,800</b>	<b>6,336,700</b>	<b>6,355,278</b>		
<b>EXPENDITURES:</b>					
Agriculture	10,086	10,097	9,866	\$ 231	\$ 9
Corrections	420,594	423,803	417,677	6,126	32
Education	2,150,370	2,143,525	2,143,115	410	-
Governor	19,977	19,990	19,754	236	6
Health Care Policy and Financing	995,390	1,023,134	1,028,785	(5,651)	4
Higher Education	747,445	747,525	747,332	193	13
Human Services	499,473	490,477	489,792	685	1,272
Judicial Branch	206,112	206,485	205,341	1,144	1,074
Law	9,601	8,854	8,571	283	23
Legislative Branch	28,979	28,979	27,356	1,623	4
Local Affairs	12,518	10,756	10,525	231	206
Military Affairs	4,090	4,025	4,090	(65)	2
Natural Resources	29,046	29,093	28,893	200	49
Personnel	15,375	15,531	14,825	706	248
Public Health and Environment	33,510	34,154	33,496	658	1,267
Public Safety	57,154	57,521	56,616	905	7
Regulatory Agencies	1,980	1,982	1,975	7	-
Revenue	177,456	181,227	175,019	6,208	120
Transportation	1	1	1	-	-
Treasury	31,077	31,144	31,141	3	-
Transfer to the Capital Construction Fund	275,689	285,255	285,255	-	-
Fiscal Year 1999-00 TABOR Refund	815,500	941,129	941,129	-	-
<b>TOTAL</b>	<b>6,541,423</b>	<b>6,694,687</b>	<b>6,680,554</b>	<b>\$ 14,133</b>	<b>\$ 4,336</b>
<b>EXCESS GENERAL REVENUES OVER (UNDER) GENERAL FUNDED EXPENDITURES</b>	<b>(185,623)</b>	<b>(357,987)</b>	<b>(325,276)</b>		
<b>EXCESS AUGMENTING REVENUES</b>	<b>-</b>	<b>-</b>	<b>4,336</b>		
<b>BEGINNING GENERAL FUND SURPLUS</b>	<b>493,700</b>	<b>600,600</b>	<b>605,711</b>		
Budgeted Non-GAAP Expenditures	-	-	3		
GAAP Revenues/Expenditures Not Budgeted	-	-	(59)		
(Increase)/Decrease in Long-Term Asset Reserve	-	-	53		
Budgeted (Increase) in Statutory 4 Percent Reserve Requirement	(11,900)	(13,200)	(13,296)		
Prior Period Adjustment	-	-	(15,880)		
<b>ENDING GENERAL FUND SURPLUS</b>	<b>296,177</b>	<b>229,413</b>	<b>255,592</b>		
Shortfall in Statutory 4 Percent Reserve	212,300	213,600	213,668		
Fiscal Year 2000-01 TABOR Liability	(905,500)	(898,700)	(927,201)		
<b>ENDING GAAP UNRESERVED FUND BALANCE</b>	<b>\$ (397,023)</b>	<b>\$ (455,687)</b>	<b>\$ (457,941)</b>		



## SPECIAL REVENUE FUNDS

HIGHWAY	Expenditures of this fund are for the construction and maintenance of public highways, the operations of the State Patrol, and the motor vehicle related operations of the Department of Revenue. Revenues are from excise taxes on motor fuels, driver and vehicle registration fees, and other related taxes. Other financing sources include the issuance of revenue bonds.
WILDLIFE	Expenditures of this fund are used to preserve the state's wildlife and promote outdoor recreational activities, while revenues are from hunting and fishing license fees as well as various fines.
LABOR	This fund accounts for injured workers' medical benefits provided by statutes that are not covered by workers' compensation benefits.
GAMING	This fund accounts for operations of the Colorado Gaming Commission and its oversight of gaming operations in the state. It also accounts for the preservation activities of the Colorado Historical Society related to the revenues it receives from gaming.
WATER PROJECTS	This fund accounts for construction loans made to local governments and special districts to enhance the water resources of the state.
TOBACCO LITIGATION SETTLEMENT	This fund accounts for receipts directly from the tobacco litigation settlement, earnings distributed from the Tobacco Litigation Settlement Trust Fund (a nonexpendable trust fund), and the expenditures of programs related to the tobacco settlement.
STATE EDUCATION	This fund accounts for a tax of one third of one percent on the income of all individuals, estates, trusts, and corporations. The funds are used to ensure that state supported per pupil funding of local schools grows at a rate set in the state's constitution. The funds are exempt from the state's limits on revenue growth (TABOR) and may not be used to replace general fund support of education.

**COMBINING BALANCE SHEET  
SPECIAL REVENUE FUNDS  
JUNE 30, 2001**

(DOLLARS IN THOUSANDS)

	HIGHWAY	WILDLIFE	LABOR
<b>ASSETS:</b>			
Cash and Pooled Cash	\$ 1,479,782	\$ 80,529	\$ 33,473
Taxes Receivable, net	63,746	-	12,260
Other Receivables, net	3,647	4,653	2,123
Due From Other Governments	100,214	851	-
Due From Other Funds	8,697	2,022	372
Inventories	6,455	446	-
Prepays, Advances, and Deferred Charges	76	194	-
Investments	-	-	178,672
Other Long-Term Assets	22,559	-	-
<b>TOTAL ASSETS</b>	<b>\$ 1,685,176</b>	<b>\$ 88,695</b>	<b>\$ 226,900</b>
<b>LIABILITIES:</b>			
Tax Refunds Payable	\$ 315	\$ -	\$ -
Accounts Payable and Accrued Liabilities	149,804	4,895	405
Due To Other Governments	45,922	-	-
Due To Other Funds	422	29	-
Deferred Revenue	11,950	26,713	-
Deposits Held In Custody For Others	39	-	-
Other Current Liabilities	4	-	13,304
Other Long-Term Liabilities	-	-	-
<b>TOTAL LIABILITIES</b>	<b>208,456</b>	<b>31,637</b>	<b>13,709</b>
<b>FUND EQUITY:</b>			
Fund Balances:			
Reserved For:			
Encumbrances	984,993	-	-
Long-Term Assets and Long-Term Receivables	22,559	-	-
Unreserved:			
Designated for Unrealized Investment Gains	7,413	1,364	10,775
Designated Other	461,755	55,694	202,416
<b>TOTAL FUND EQUITY</b>	<b>1,476,720</b>	<b>57,058</b>	<b>213,191</b>
<b>TOTAL LIABILITIES AND FUND EQUITY</b>	<b>\$ 1,685,176</b>	<b>\$ 88,695</b>	<b>\$ 226,900</b>

GAMING	WATER PROJECTS	TOBACCO LITIGATION SETTLEMENT	STATE EDUCATION	TOTALS
\$ 103,258	\$ 96,134	\$ 71,279	\$ 168,811	\$ 2,033,266
-	-	-	-	76,006
5	8,807	-	-	19,235
-	-	-	-	101,065
9,838	194	-	-	21,123
-	-	-	-	6,901
33	3	-	-	306
-	-	-	-	178,672
-	156,833	-	-	179,392
<u>\$ 113,134</u>	<u>\$ 261,971</u>	<u>\$ 71,279</u>	<u>\$ 168,811</u>	<u>\$ 2,615,966</u>
\$ -	\$ -	\$ -	\$ -	\$ 315
1,053	1,906	-	-	158,063
19,362	-	-	-	65,284
41,677	26,263	-	-	68,391
284	-	-	-	38,947
-	-	-	-	39
-	-	-	-	13,308
9	-	-	-	9
62,385	28,169	-	-	344,356
-	-	-	-	984,993
-	157,020	-	-	179,579
1,199	1,458	1,104	2,614	25,927
49,550	75,324	70,175	166,197	1,081,111
50,749	233,802	71,279	168,811	2,271,610
<u>\$ 113,134</u>	<u>\$ 261,971</u>	<u>\$ 71,279</u>	<u>\$ 168,811</u>	<u>\$ 2,615,966</u>

**COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDED JUNE 30, 2001**

(DOLLARS IN THOUSANDS)

	HIGHWAY	WILDLIFE	LABOR
<b>REVENUES:</b>			
Taxes	\$ 724,173	\$ -	\$ 25,086
Licenses, Permits, and Fines	207,188	53,738	87
Charges for Goods and Services	8,392	2,397	-
Investment Income	72,303	6,551	23,022
Federal Grants and Contracts	316,908	9,747	-
Other	36,900	13,735	241
<b>TOTAL REVENUES</b>	<b>1,365,864</b>	<b>86,168</b>	<b>48,436</b>
<b>EXPENDITURES:</b>			
Current:			
General Government	7,170	-	-
Business, Community and Consumer Affairs	-	28	12,301
Education	-	-	-
Health and Rehabilitation	7,270	-	-
Justice	55,661	-	-
Natural Resources	-	69,231	-
Transportation	1,067,849	-	-
Capital Outlay	19,919	9,077	-
Intergovernmental:			
Cities	106,066	333	-
Counties	154,672	805	-
School Districts	-	8	-
Special Districts	13,445	59	-
Federal	-	483	-
Other	9	2,078	-
Debt Service	-	16	-
<b>TOTAL EXPENDITURES</b>	<b>1,432,061</b>	<b>82,118</b>	<b>12,301</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(66,197)</b>	<b>4,050</b>	<b>36,135</b>
<b>OTHER FINANCING SOURCES (USES):</b>			
Operating Transfer-In	69,552	7,928	-
Operating Transfer-Out	(63,331)	(21,070)	(480)
Proceeds of Bond Issuance	539,234	-	-
Capital Lease Proceeds	-	44	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>545,455</b>	<b>(13,098)</b>	<b>(480)</b>
<b>EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES</b>	<b>479,258</b>	<b>(9,048)</b>	<b>35,655</b>
<b>FUND BALANCE, JULY 1</b>	<b>997,462</b>	<b>66,106</b>	<b>177,536</b>
<b>FUND BALANCE, JUNE 30</b>	<b>\$1,476,720</b>	<b>\$ 57,058</b>	<b>\$213,191</b>

GAMING	WATER PROJECTS	TOBACCO LITIGATION SETTLEMENT	STATE EDUCATION	TOTALS
\$88,815	\$ -	\$ -	\$ 164,266	\$1,002,340
832	-	68,660	-	330,505
183	1	-	-	10,973
3,991	11,925	5,227	4,545	127,564
-	-	-	-	326,655
1	3,408	-	-	54,285
93,822	15,334	73,887	168,811	1,852,322
-	-	-	-	7,170
5,353	-	-	-	17,682
7,784	-	-	-	7,784
-	-	-	-	7,270
-	-	-	-	55,661
-	3,422	-	-	72,653
-	-	-	-	1,067,849
373	72	-	-	29,441
15,520	13	-	-	121,932
11,263	168	-	-	166,908
371	-	-	-	379
26	195	-	-	13,725
-	213	-	-	696
2,898	-	-	-	4,985
-	-	-	-	16
43,588	4,083	-	-	1,574,151
50,234	11,251	73,887	168,811	278,171
-	6,088	-	-	83,568
(42,021)	(2,328)	(69,709)	-	(198,939)
-	-	-	-	539,234
-	-	-	-	44
(42,021)	3,760	(69,709)	-	423,907
8,213	15,011	4,178	168,811	702,078
42,536	218,791	67,101	-	1,569,532
\$50,749	\$233,802	\$ 71,279	\$ 168,811	\$2,271,610



## ENTERPRISE FUNDS

These funds account for the self-sustaining operations of state agencies that provide a majority of their services to the public on a user charge basis. The major activities in these funds are:

GUARANTEED STUDENT LOAN	This fund records the activities of the Colorado Student Loan Division which guarantees loans made by private lending institutions, in compliance with operating agreements with the U.S. Department of Education, to students attending postsecondary schools. It also includes loan programs for Colorado residents that are not reinsured by the federal government.
STATE LOTTERY	This activity encompasses the lotto and the various lottery games the state runs under the authority of state statute. The net proceeds are used to support the Conservation Trust Fund, the Great Outdoors Colorado Trust Fund, and projects in the Department of Natural Resources.
BUSINESS ENTERPRISE PROGRAM	This activity comprises the food vending stands run by the visually impaired under supervision and guidance of the Department of Human Services.
STATE NURSING HOMES	This activity is for nursing home and retirement care provided to the elderly at the state facilities at Homelake, Walsenburg, Florence, Rifle, and Trinidad.
PRISON CANTEENS	This activity accounts for the various canteen operations in the state's prison system.
CORRECTIONAL INDUSTRIES	This activity is for the production and sale of manufactured goods and farm products by convicted criminals who are incarcerated in the state prison system.
STATE FAIR AUTHORITY	The State Fair Authority operates the Colorado State Fair, and other events, at the state fairgrounds in Pueblo.
STUDENT OBLIGATION BOND AUTHORITY	The Colorado Student Obligation Bond Authority issues tax exempt and taxable bonds and uses the proceeds to originate and purchase loans for postsecondary education students. The Authority also operates a prepaid tuition program that allows citizens to purchase units of average tuition to be used at maturity to pay eligible expenses at colleges and universities throughout the United States.
OTHER ENTERPRISE ACTIVITIES	The other enterprise activities of the state include employee parking operations, surplus property disposal, and miscellaneous canteen operations at various state institutions.

**COMBINING BALANCE SHEET  
ENTERPRISE FUNDS  
JUNE 30, 2001**

(DOLLARS IN THOUSANDS)	GUARANTEED STUDENT LOAN	STATE LOTTERY	BUSINESS ENTERPRISE PROGRAM	STATE NURSING HOMES
<b>ASSETS:</b>				
Cash and Pooled Cash	\$49,520	\$25,611	\$ 349	\$ 1,928
Other Receivables, net	1,147	12,673	53	823
Due From Other Governments	7,623	-	23	535
Due From Other Funds	588	-	-	1
Inventories	96	1,147	34	317
Prepays, Advances, and Deferred Charges	86	36	193	25
Investments	-	-	-	-
Property, Plant and Equipment, net	1,459	2,179	277	6,906
Other Long-Term Assets	-	-	-	-
<b>TOTAL ASSETS</b>	<b>\$60,519</b>	<b>\$41,646</b>	<b>\$ 929</b>	<b>\$10,535</b>
<b>LIABILITIES:</b>				
Accounts Payable and Accrued Liabilities	\$ 815	\$ 3,044	\$ 85	\$ 638
Due To Other Governments	5,709	32	-	-
Due To Other Funds	841	20,056	-	-
Deferred Revenue	5	443	-	8
Deposits Held In Custody For Others	-	-	-	-
Other Current Liabilities	1,272	15,239	6	-
Capital Lease Obligations	307	-	-	18
Notes and Bonds Payable	173	-	-	-
Accrued Compensated Absences	751	801	44	750
Other Long-Term Liabilities	-	119	-	-
<b>TOTAL LIABILITIES</b>	<b>9,873</b>	<b>39,734</b>	<b>135</b>	<b>1,414</b>
<b>FUND EQUITY:</b>				
Contributed Capital	15	-	-	7,214
Unrealized Gain on Investments	785	392	5	37
Retained Earnings	49,846	1,520	789	1,870
<b>TOTAL FUND EQUITY</b>	<b>50,646</b>	<b>1,912</b>	<b>794</b>	<b>9,121</b>
<b>TOTAL LIABILITIES AND FUND EQUITY</b>	<b>\$60,519</b>	<b>\$41,646</b>	<b>\$ 929</b>	<b>\$10,535</b>

PRISON CANTEENS	CORRECTIONAL INDUSTRIES	STATE FAIR AUTHORITY	STUDENT OBLIGATION BOND AUTHORITY	OTHER ENTERPRISE ACTIVITIES	TOTALS
\$5,327	\$ 2,877	\$ 600	\$ 41,711	\$ 339	\$ 128,262
461	2,137	174	673,254	49	690,771
-	169	-	-	1	8,351
-	618	-	-	-	1,207
471	8,350	38	-	569	11,022
-	-	236	344	-	920
-	-	251	145,513	-	145,764
1,394	7,392	7,575	2,175	4,161	33,518
-	740	61	3,487	-	4,288
\$7,653	\$22,283	\$ 8,935	\$ 866,484	\$ 5,119	\$ 1,024,103
\$ 437	\$ 1,451	\$ 129	\$ 2,567	\$ 148	\$ 9,314
-	-	-	7,995	-	13,736
1	115	-	609	-	21,622
-	-	1,157	1,422	264	3,299
3	-	8	-	4	15
-	-	173	-	-	16,690
-	-	256	-	-	581
-	-	1,763	686,141	-	688,077
63	749	75	76	79	3,388
-	-	-	79,300	-	79,419
504	2,315	3,561	778,110	495	836,141
-	6,559	6,273	-	2,159	22,220
-	72	19	-	-	1,310
7,149	13,337	(918)	88,374	2,465	164,432
7,149	19,968	5,374	88,374	4,624	187,962
\$7,653	\$22,283	\$ 8,935	\$ 866,484	\$ 5,119	\$ 1,024,103

**COMBINING STATEMENT OF REVENUES, EXPENSES,  
AND CHANGES IN FUND EQUITY  
ENTERPRISE FUNDS  
FOR THE YEAR ENDED JUNE 30, 2001**

(DOLLARS IN THOUSANDS)	GUARANTEED STUDENT LOAN	STATE LOTTERY	BUSINESS ENTERPRISE PROGRAM	STATE NURSING HOMES
OPERATING REVENUES:				
Licenses and Permits	\$ -	\$ 46	\$ -	\$ -
Charges for Goods and Services	4,540	350,631	615	14,706
Investment and Rental Income	4,850	-	-	-
Federal Grants and Contracts	55,946	-	-	5,987
Other	23	153	9	15
TOTAL OPERATING REVENUES	65,359	350,830	624	20,708
OPERATING EXPENSES:				
Salaries & Fringe Benefits	11,874	7,944	523	15,776
Operating and Travel	51,281	39,457	712	3,504
Cost of Goods Sold	-	10,326	-	-
Depreciation	568	603	93	542
Intergovernmental Distributions	-	-	-	1,770
Prizes and Awards	1	214,416	-	2
TOTAL OPERATING EXPENSES	63,724	272,746	1,328	21,594
OPERATING INCOME (LOSS)	1,635	78,084	(704)	(886)
NON-OPERATING REVENUES AND (EXPENSES):				
Fines and Settlements	-	-	1	-
Investment and Rental Income	-	2,228	26	233
Donations	-	-	-	22
Intergovernmental Distributions	-	(39,642)	-	-
Federal Grants and Contracts	-	-	730	-
Debt Service	-	-	-	-
TOTAL NON-OPERATING REVENUES (EXPENSES)	-	(37,414)	757	255
INCOME (LOSS) BEFORE OPERATING TRANSFERS	1,635	40,670	53	(631)
OPERATING TRANSFERS:				
Operating Transfer-In	-	-	-	260
Operating Transfer-Out	(88)	(39,990)	-	(96)
TOTAL OPERATING TRANSFERS	(88)	(39,990)	-	164
NET INCOME/CHANGE IN RETAINED EARNINGS	1,547	680	53	(467)
FUND EQUITY, JULY 1	49,099	1,232	741	9,549
Additions (Deductions) to Contributed Capital	-	-	-	39
Prior Period/Other Adjustments	-	-	-	-
FUND EQUITY, JUNE 30	\$ 50,646	\$ 1,912	\$ 794	\$ 9,121

PRISON CANTEENS	CORRECTIONAL INDUSTRIES	STATE FAIR AUTHORITY	STUDENT OBLIGATION BOND AUTHORITY	OTHER ENTERPRISE ACTIVITIES	TOTALS
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 46
10,311	35,409	6,875	1,736	1,681	426,504
-	-	-	59,714	519	65,083
-	-	-	-	2,855	64,788
32	129	-	5,482	-	5,843
10,343	35,538	6,875	66,932	5,055	562,264
1,018	8,081	4,165	943	1,120	51,444
1,780	6,756	2,842	55,297	1,495	163,124
5,830	18,359	-	-	644	35,159
89	1,160	816	1,087	78	5,036
-	-	-	-	2,473	4,243
2	-	663	-	-	215,084
8,719	34,356	8,486	57,327	5,810	474,090
1,624	1,182	(1,611)	9,605	(755)	88,174
-	-	-	-	-	1
40	207	529	-	475	3,738
-	-	369	-	200	591
-	-	-	-	-	(39,642)
-	-	-	-	-	730
-	-	(176)	-	-	(176)
40	207	722	-	675	(34,758)
1,664	1,389	(889)	9,605	(80)	53,416
-	4	-	-	-	264
(326)	(500)	-	-	(722)	(41,722)
(326)	(496)	-	-	(722)	(41,458)
1,338	893	(889)	9,605	(802)	11,958
5,811	19,075	5,961	-	5,426	96,894
-	-	302	-	-	341
-	-	-	78,769	-	78,769
\$7,149	\$19,968	\$ 5,374	\$ 88,374	\$ 4,624	\$187,962

**COMBINING STATEMENT OF CASH FLOWS  
ENTERPRISE FUNDS  
FOR THE YEAR ENDED JUNE 30, 2001**

(DOLLARS IN THOUSANDS)

	GUARANTEED STUDENT LOAN	STATE LOTTERY	BUSINESS ENTERPRISE PROGRAM
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Cash Received from:			
Fees for Service	\$ 2,159	\$ 48	\$ 274
Sales of Products	-	348,587	381
Grants and Contracts	56,207	-	728
Loan Repayments	-	-	-
Other Sources	28	199	10
Cash Payments to:			
Employees	(10,118)	(7,241)	(444)
Suppliers	(6,669)	(22,238)	(701)
Lottery Prizes and Sales Commissions	(3,013)	(241,007)	-
Others for Student Loans and Loan Losses	(35,033)	-	-
Other Governments	-	-	-
Other	(8,056)	(8)	(160)
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>(4,495)</b>	<b>78,340</b>	<b>88</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>			
Transfers-In	-	-	-
Transfers-Out	(88)	(39,990)	-
Intergovernmental Distributions	-	(37,491)	-
NonCapital Debt Service	-	-	-
<b>NET CASH FROM NONCAPITAL FINANCING ACTIVITIES</b>	<b>(88)</b>	<b>(77,481)</b>	<b>-</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>			
Acquisition of Capital Assets	(98)	(411)	(90)
Proceeds from Sale of Capital Assets	-	-	-
Income from Property	-	-	-
Principal Paid on Capital Debt	-	-	-
Interest Payments	-	-	-
Capital Lease Payments	(96)	-	-
<b>NET CASH FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<b>(194)</b>	<b>(411)</b>	<b>(90)</b>

(Continued)

STATE NURSING HOMES	PRISON CANTEENS	CORRECTIONAL INDUSTRIES	STATE FAIR AUTHORITY	STUDENT OBLIGATION BOND AUTHORITY	OTHER ENTERPRISE ACTIVITIES	TOTALS
\$ 14,277	\$ -	\$ 5,009	\$ 5,948	\$ -	\$ 994	\$ 28,709
35	10,057	29,012	54	-	1,130	389,256
96	-	-	-	-	2,574	59,605
-	-	-	-	146,548	-	146,548
6,023	35	129	801	-	169	7,394
(14,765)	(1,003)	(7,826)	(1,678)	(1,207)	(1,005)	(45,287)
(4,403)	(7,540)	(24,976)	(4,760)	(5,210)	(1,761)	(78,258)
-	-	-	-	-	-	(244,020)
-	-	-	-	(126,073)	-	(161,106)
(1,770)	-	-	-	-	(2,473)	(4,243)
-	(6)	(3)	(769)	(3,044)	(11)	(12,057)
(507)	1,543	1,345	(404)	11,014	(383)	86,541
260	-	4	-	-	-	264
(96)	(326)	(500)	-	-	(722)	(41,722)
-	-	-	-	-	-	(37,491)
-	-	-	-	(67,450)	-	(67,450)
164	(326)	(496)	-	(67,450)	(722)	(146,399)
(379)	(117)	(848)	(37)	(142)	(195)	(2,317)
10	-	-	-	-	-	10
6	-	2	455	-	575	1,038
-	-	-	(100)	-	-	(100)
-	-	(21)	(170)	-	-	(191)
(6)	-	-	(49)	-	-	(151)
(369)	(117)	(867)	99	(142)	380	(1,711)

**STATEMENT OF CASH FLOWS**  
**ENTERPRISE FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2001**

(Continued)

(DOLLARS IN THOUSANDS)

	GUARANTEED STUDENT LOAN	STATE LOTTERY	BUSINESS ENTERPRISE PROGRAM
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest and Dividends on Investments	4,850	2,228	28
Proceeds from Sales of Investments	-	-	-
Purchases of Investments	-	-	-
NET CASH FROM INVESTING ACTIVITIES	4,850	2,228	28
NET INCREASE (DECREASE) IN CASH AND POOLED CASH	73	2,676	26
CASH AND POOLED CASH, FISCAL YEAR BEGINNING	49,447	22,935	323
Prior Period Adjustment		-	-
CASH AND POOLED CASH, FISCAL YEAR END	\$ 49,520	\$ 25,611	\$ 349

RECONCILIATION OF OPERATING INCOME TO NET CASH  
PROVIDED BY OPERATING ACTIVITIES

Operating Income (Loss)	\$ 1,635	\$ 78,084	\$ (704)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:			
Depreciation	568	603	93
Investment/Rental Income and Other Revenue in Operating Income	(4,852)	-	-
Fines, Donations, and Grants and Contracts in NonOperating	-	-	731
Loss on Disposal of Fixed Assets	647		3
Compensated Absences	58	55	(1)
Interest and Other Expense in Operating Income	6	148	1
Net Changes in Assets and Liabilities Related to Operating Activities:			
(Increase) Decrease in Operating Receivables	(2,360)	(2,020)	47
(Increase) Decrease in Inventories	2	357	(28)
(Increase) Decrease in Other Operating Assets	34	(6)	52
Increase (Decrease) in Accounts Payable	(411)	881	(63)
Increase (Decrease) in Other Operating Liabilities	178	238	(43)
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ (4,495)	\$ 78,340	\$ 88

SUPPLEMENTARY INFORMATION - NONCASH TRANSACTIONS (See Note III-B):

Fixed Assets Transferred from General Fixed Asset Account Group	-	-	-
Unrealized Gain/(Loss) on Investments	-	-	-
Loss on Disposal of Fixed Assets	647	37	-
Assumption of Capital Lease Obligation	178	-	-

STATE NURSING HOMES	PRISON CANTEENS	CORRECTIONAL INDUSTRIES	STATE FAIR AUTHORITY	STUDENT OBLIGATION BOND AUTHORITY	OTHER ENTERPRISE ACTIVITIES	TOTALS
228	39	205	62	12,997	4	20,641
-	-	-	-	365,675	-	365,675
-	-	-	-	(328,615)	-	(328,615)
228	39	205	62	50,057	4	57,701
(484)	1,139	187	(243)	(6,521)	(721)	(3,868)
2,412	4,188	2,690	843	-	1,060	83,898
-	-	-	-	48,232	-	48,232
\$ 1,928	\$ 5,327	\$ 2,877	\$ 600	\$ 41,711	\$ 339	\$ 128,262

\$ (886)      \$ 1,624      \$ 1,182      \$ (1,611)      \$ 9,605      \$ (755)      \$ 88,174

542	89	1,160	816	1,086	78	5,035
-	-	-	-	32,321	(108)	27,361
22	-	-	369	-	200	1,322
-	-	5	23	-	-	678
79	-	18	15	-	(22)	202
10	62	21	-	-	157	405
(240)	(253)	(1,375)	(52)	(31,153)	34	(37,372)
(15)	(133)	1,054	16	-	279	1,532
15	-	(27)	30	379	-	477
(33)	153	(693)	36	(726)	68	(788)
(1)	1	-	(46)	(498)	(314)	(485)
\$ (507)	\$ 1,543	\$ 1,345	\$ (404)	\$ 11,014	\$ (383)	\$ 86,541

39                      -                      -                      302                      -                      -                      341

-                      -                      -                      12                      (7,761)                      -                      (7,749)

-                      -                      -                      23                      -                      -                      707

4                      -                      -                      -                      -                      -                      182



## INTERNAL SERVICE FUNDS

CENTRAL SERVICES	This fund accounts for the sales of goods and services to other state agencies. The sales items include mail services, printing, quick copy, graphic design, microfilming and motor pool.
GENERAL GOVERNMENT COMPUTER CENTER	This fund accounts for computer services sold to other state agencies.
TELECOMMUNICATIONS	This fund accounts for telecommunications services sold to other state agencies.
STATE EMPLOYEES AND OFFICIALS INSURANCE	This fund accounts for the self-insured health insurance plan for state employees and officials in effect through 2000. It also accounts for the purchased medical, life, and dental insurance programs offered by the state.
HIGHWAYS	This fund is used to account for the operations of the Department of Transportation print shop.
PUBLIC SAFETY	This fund accounts for aircraft rental to state agencies by the Department of Public Safety.
CAPITOL COMPLEX	This fund accounts for the cost and income of state office space in the Capitol area.
ADMINISTRATIVE HEARINGS	This fund accounts for the operations of the Administrative Hearings Division in the Department of Personnel.

**COMBINING BALANCE SHEET  
INTERNAL SERVICE FUNDS  
JUNE 30, 2001**

(DOLLARS IN THOUSANDS)

	CENTRAL SERVICES	GENERAL GOVERNMENT COMPUTER CENTER	TELECOM- MUNICATIONS
<b>ASSETS:</b>			
Cash and Pooled Cash	\$ 1,354	\$ 781	\$ 883
Other Receivables, net	25	241	-
Due From Other Governments	-	-	53
Due From Other Funds	92	-	8
Inventories	294	38	-
Prepays, Advances, and Deferred Charges	1	240	7
Property, Plant and Equipment, net	40,733	1,193	11,097
<b>TOTAL ASSETS</b>	<b>\$42,499</b>	<b>\$2,493</b>	<b>\$12,048</b>
<b>LIABILITIES:</b>			
Accounts Payable and Accrued Liabilities	\$ 1,041	\$ 733	\$ 1,012
Deferred Revenue	856	-	-
Other Current Liabilities	12,807	-	-
Capital Lease Obligations	26,521	-	-
Accrued Compensated Absences	263	404	94
Other Long-Term Liabilities	-	-	-
<b>TOTAL LIABILITIES</b>	<b>41,488</b>	<b>1,137</b>	<b>1,106</b>
<b>FUND EQUITY:</b>			
Contributed Capital	-	127	7,984
Unrealized Gain on Investments	-	-	-
Retained Earnings	1,011	1,229	2,958
<b>TOTAL FUND EQUITY</b>	<b>1,011</b>	<b>1,356</b>	<b>10,942</b>
<b>TOTAL LIABILITIES AND FUND EQUITY</b>	<b>\$42,499</b>	<b>\$2,493</b>	<b>\$12,048</b>

STATE EMPLOYEES AND OFFICIALS INSURANCE	HIGHWAYS	PUBLIC SAFETY	CAPITOL COMPLEX	ADMINISTRATIVE HEARINGS	TOTALS
\$20,648	\$2,126	\$ 179	\$ 185	\$ 324	\$26,480
14	-	6	18	10	314
-	-	-	-	-	53
-	-	-	4	7	111
-	190	-	97	-	619
136	-	-	-	3	387
-	306	371	139	2	53,841
\$20,798	\$2,622	\$ 556	\$ 443	\$ 346	\$81,805
\$ 189	\$ 67	\$ 12	\$ 300	\$ 30	\$ 3,384
9,783	-	-	139	-	10,778
76	-	-	-	-	12,883
-	-	-	-	-	26,521
21	-	-	168	206	1,156
12	-	-	-	-	12
10,081	67	12	607	236	54,734
-	1,195	363	-	-	9,669
425	33	-	-	-	458
10,292	1,327	181	(164)	110	16,944
10,717	2,555	544	(164)	110	27,071
\$20,798	\$2,622	\$ 556	\$ 443	\$ 346	\$81,805

**COMBINING STATEMENT OF REVENUES, EXPENSES,  
AND CHANGES IN FUND EQUITY  
INTERNAL SERVICE FUNDS  
FOR THE YEAR ENDED JUNE 30, 2001**

(DOLLARS IN THOUSANDS)			
	CENTRAL SERVICES	GENERAL GOVERNMENT COMPUTER CENTER	TELECOM- MUNICATIONS
OPERATING REVENUES:			
Charges for Goods and Services	\$ 41,424	\$ 12,531	\$ 10,649
Investment and Rental Income	-	-	-
Other	84	38	36
TOTAL OPERATING REVENUES	41,508	12,569	10,685
OPERATING EXPENSES:			
Salaries & Fringe Benefits	4,876	5,468	1,193
Operating and Travel	14,920	6,828	8,545
Cost of Goods Sold	4,588	-	-
Depreciation	13,713	473	1,802
Intergovernmental Distributions	-	-	-
Prizes and Awards	2	-	-
TOTAL OPERATING EXPENSES	38,099	12,769	11,540
OPERATING INCOME (LOSS)	3,409	(200)	(855)
NON-OPERATING REVENUES AND (EXPENSES):			
Fines and Settlements	-	-	-
Interest and Rents	936	-	-
Debt Service	(2,045)	-	-
TOTAL NON-OPERATING REVENUES (EXPENSES)	(1,109)	-	-
INCOME (LOSS) BEFORE OPERATING TRANSFERS	2,300	(200)	(855)
OPERATING TRANSFERS:			
Operating Transfer-In	115	-	4,512
Operating Transfer-Out	(1,487)	(313)	(560)
TOTAL OPERATING TRANSFERS	(1,372)	(313)	3,952
NET INCOME/CHANGE IN RETAINED EARNINGS	928	(513)	3,097
FUND EQUITY, JULY 1	83	1,869	7,845
FUND EQUITY, JUNE 30	\$ 1,011	\$ 1,356	\$ 10,942

STATE EMPLOYEES AND OFFICIALS INSURANCE	HIGHWAYS	PUBLIC SAFETY	CAPITOL COMPLEX	ADMINISTRATIVE HEARINGS	TOTALS
\$ 125,504	\$ 2,720	\$ 195	\$ 5	\$ 3,038	\$ 196,066
1,990	-	-	7,003	-	8,993
3	19	-	97	-	277
127,497	2,739	195	7,105	3,038	205,336
557	967	361	2,585	2,431	18,438
122,985	1,406	217	4,030	497	159,428
-	-	-	-	-	4,588
-	137	50	21	2	16,198
-	-	-	2	-	2
-	-	-	-	-	2
123,542	2,510	628	6,638	2,930	198,656
3,955	229	(433)	467	108	6,680
727	-	-	23	-	750
24	52	-	-	29	1,041
-	-	-	-	-	(2,045)
751	52	-	23	29	(254)
4,706	281	(433)	490	137	6,426
-	-	410	-	-	5,037
(286)	-	-	(364)	-	(3,010)
(286)	-	410	(364)	-	2,027
4,420	281	(23)	126	137	8,453
6,297	2,274	567	(290)	(27)	18,618
\$ 10,717	\$ 2,555	\$ 544	\$ (164)	\$ 110	\$ 27,071

**COMBINING STATEMENT OF CASH FLOWS**  
**INTERNAL SERVICE FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2001**

(DOLLARS IN THOUSANDS)

	CENTRAL SERVICES	GENERAL GOVERNMENT COMPUTER CENTER	TELECOM- MUNICATIONS
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash Received from:			
Fees for Service	\$ 1,632	\$ 12,292	\$ -
Sales of Products	40,107	289	10,631
Other Sources	84	38	36
Cash Payments to:			
Employees	(4,433)	(4,921)	(1,040)
Suppliers	(20,691)	(6,886)	(12,632)
Health Claims and Premiums	-	-	-
Other Governments	-	-	-
Other	(34)	(87)	(7)
NET CASH PROVIDED BY OPERATING ACTIVITIES	16,665	725	(3,012)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Transfers-In	115	-	4,512
Transfers-Out	(1,487)	(313)	(560)
NET CASH FROM NONCAPITAL FINANCING ACTIVITIES	(1,372)	(313)	3,952
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Acquisition of Capital Assets	(200)	(21)	(57)
Proceeds from Sale of Capital Assets	1,610	-	-
Income from Property	-	-	-
Interest Payments	(83)	(34)	-
Capital Lease Payments	(15,459)	-	-
NET CASH FROM CAPITAL AND RELATED FINANCING ACTIVITIES	(14,132)	(55)	(57)

(Continued)

STATE EMPLOYEES AND OFFICIALS INSURANCE	HIGHWAYS	PUBLIC SAFETY	CAPITOL COMPLEX	ADMINISTRATIVE HEARINGS	TOTALS
\$ 125,515	\$ 1,623	\$ 203	\$ 3	\$ 3,034	\$ 144,302
-	1,098	-	-	-	52,125
889	19	-	120	-	1,186
(224)	(963)	(362)	(2,408)	(2,246)	(16,597)
(1,723)	(1,420)	(219)	(4,309)	(657)	(48,537)
(122,912)	-	-	-	-	(122,912)
-	-	-	(2)	-	(2)
(310)	(7)	-	(1)	(2)	(448)
1,235	350	(378)	(6,597)	129	9,117
-	-	411	-	-	5,038
(286)	-	-	(364)	-	(3,010)
(286)	-	411	(364)	-	2,028
-	(19)	-	(204)	-	(501)
-	-	-	198	-	1,808
-	-	-	6,987	29	7,016
-	-	-	-	-	(117)
-	-	-	-	-	(15,459)
-	(19)	-	6,981	29	(7,253)

**STATEMENT OF CASH FLOWS**  
**INTERNAL SERVICE FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2001**

(Continued)

(DOLLARS IN THOUSANDS)

	CENTRAL SERVICES	GENERAL GOVERNMENT COMPUTER CENTER	TELECOM- MUNICATIONS
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest and Dividends on Investments	-	-	-
NET CASH FROM INVESTING ACTIVITIES	-	-	-
NET INCREASE (DECREASE) IN CASH AND POOLED CASH	1,161	357	883
CASH AND POOLED CASH , FISCAL YEAR BEGINNING	193	424	-
CASH AND POOLED CASH, FISCAL YEAR END	\$ 1,354	\$ 781	\$ 883

RECONCILIATION OF OPERATING INCOME TO NET CASH  
PROVIDED BY OPERATING ACTIVITIES

Operating Income (Loss)	\$ 3,409	\$ (200)	\$ (855)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:			
Depreciation	13,713	473	1,802
Investment/Rental Income and Other Revenue in Operating Income	-	-	-
Fines, Donations, and Grants and Contracts in NonOperating	-	-	-
Compensated Absences	(30)	13	22
Interest and Other Expense in Operating Income	84	34	-
Net Changes in Assets and Liabilities Related to Operating Activities:			
(Increase) Decrease in Operating Receivables	429	50	(18)
(Increase) Decrease in Inventories	(33)	9	-
(Increase) Decrease in Other Operating Assets	68	(87)	(7)
Increase (Decrease) in Accounts Payable	(860)	433	(3,956)
Increase (Decrease) in Other Operating Liabilities	(115)	-	-
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 16,665	\$ 725	\$ (3,012)

SUPPLEMENTARY INFORMATION - NONCASH TRANSACTIONS (See Note III-B):

Loss on Disposal of Fixed Assets	674	-	-
Assumption of Capital Lease Obligation	12,426	-	-

STATE EMPLOYEES AND OFFICIALS INSURANCE	HIGHWAYS	PUBLIC SAFTETY	CAPITOL COMPLEX	ADMINISTRATIVE HEARINGS	TOTALS
2,014	52	-	-	-	2,066
2,014	52	-	-	-	2,066
2,963	383	33	20	158	5,958
17,685	1,743	146	165	166	20,522
\$ 20,648	\$ 2,126	\$ 179	\$ 185	\$ 324	\$ 26,480

\$ 3,955      \$ 229      \$ (433)      \$ 467      \$ 108      \$ 6,680

-	137	50	21	2	16,198
(1,990)	-	-	(7,005)	-	(8,995)
727	-	-	23	-	750
1	-	-	2	17	25
-	-	-	-	-	118
11	-	6	(1)	(4)	473
-	(11)	-	(8)	-	(43)
(115)	-	-	-	(1)	(142)
104	(5)	(1)	(96)	7	(4,374)
(1,458)	-	-	-	-	(1,573)
\$ 1,235	\$ 350	\$ (378)	\$ (6,597)	\$ 129	\$ 9,117

-      -      -      -      -      674  
-      -      -      -      -      12,426

## TRUST AND AGENCY FUNDS

The Trust and Agency Funds are used to account for assets held by the state in a fiduciary capacity. The major components of these are:

### EXPENDABLE TRUST FUNDS

UNEMPLOYMENT INSURANCE	This fund accounts for the collection of unemployment insurance premiums from employers and the payment of unemployment benefits to eligible claimants.
STATE TREASURER	This fund is used to record various trust items managed by the state treasurer's office, principally, escheat accounts, unclaimed property and unclaimed insurance moneys.
SEVERANCE TAX	This fund accounts for taxes received by the state on the extraction of nonrenewable natural resources.
LAND BOARD	This fund accounts for the disposition of revenues from state land, surface leases, and oil and timber sales.
VICTIMS COMPENSATION	This fund accounts for money received as a surcharge on fines levied in state courts and distributed for the benefit of crime victims .
SCHOLARS CHOICE FUND	The College Savings Plan (commonly referred to as the Scholars Choice Fund) authorized in statute is used to record the deposits, withdrawals, and investment returns of participants in the college savings program. The moneys in the fund are neither insured nor guaranteed by the state.
CONSERVATION TRUST	This fund accounts for money transferred from other state sources and distributed to local governments for the enhancement of parks, open space, and citizen recreation.
DEFERRED COMPENSATION	This fund accounts for state employee compensation that has been tax deferred under an Internal Revenue Code 457 plan.

### AGENCY FUNDS

These funds are held in custody for others. Major items include litigation settlement escrow accounts, contractor's performance escrow accounts, sales taxes collected for cities and counties, deposits held to insure land restoration by mining and oil exploration companies, and assets held for a water and power authority.

### NONEXPENDABLE TRUST FUNDS

STATE LANDS	This fund consists of the assets, liabilities, and related operations of lands granted to the state by the federal government for educational purposes.
CONTROLLED MAINTENANCE	This fund holds resources dedicated to maintaining the state's capital assets.
TOBACCO LITIGATION SETTLEMENT	This fund holds tobacco litigation settlement moneys; the earnings on these moneys are intended to provide a permanent source of funds for programs associated with the tobacco settlement.

### INVESTMENT TRUST FUND

The state treasurer uses the investment trust fund to account for purchases and sales of investments as well as income and changes in fair value of investments owned by the Colorado Compensation Insurance Authority.

### PENSION TRUST FUND

The state provides a defined contribution retirement plan for selected employees – primarily elected officials. The pension trust fund is used to account for the assets, liabilities, and changes in net assets arising from the contributions and benefits payable to participants in the plan.

**COMBINING BALANCE SHEET  
FIDUCIARY FUND TYPES  
JUNE 30, 2001**

(DOLLARS IN THOUSANDS)

	EXPENDABLE TRUST	AGENCY
<b>ASSETS:</b>		
Cash and Pooled Cash	\$ 911,072	\$ 232,159
Taxes Receivable, net	32,862	110,137
Other Receivables, net	17,631	111
Due From Other Governments	754	-
Due From Other Funds	58,046	11,364
Inventories	5	1
Prepays, Advances, and Deferred Charges	70	-
Investments	394,389	38,066
Property, Plant and Equipment, net	5,601	-
Other Long-Term Assets	-	17,805
<b>TOTAL ASSETS</b>	<b>\$ 1,420,430</b>	<b>\$ 409,643</b>
<b>LIABILITIES:</b>		
Tax Refunds Payable	\$ -	\$ 568
Accounts Payable and Accrued Liabilities	33,987	516
Due To Other Governments	8,020	169,389
Due To Other Funds	4,792	15,270
Deferred Revenue	6,705	-
Deposits Held In Custody For Others	1,359	161,189
Other Current Liabilities	14,382	1,759
Capital Lease Obligations	45	-
Accrued Compensated Absences	244	-
Other Long-Term Liabilities	1,521	60,952
<b>TOTAL LIABILITIES</b>	<b>71,055</b>	<b>409,643</b>
<b>FUND EQUITY:</b>		
Fund Balances:		
Reserved For:		
Long-Term Assets and Long-Term Receivables	26,263	-
Statutorily Specified Amounts	-	-
Unreserved:		
Designated for Unrealized Investment Gains	1,305	-
Designated Other	1,321,807	-
Undesignated	-	-
<b>TOTAL FUND EQUITY</b>	<b>1,349,375</b>	<b>-</b>
<b>TOTAL LIABILITIES AND FUND EQUITY</b>	<b>\$ 1,420,430</b>	<b>\$ 409,643</b>

NON- EXPENDABLE TRUST	INVESTMENT TRUST	PENSION TRUST	TOTALS
\$ 93,304	\$ 14,804	\$ 5	\$1,251,344
-	-	-	142,999
6,016	13,391	-	37,149
-	-	-	754
137	-	-	69,547
-	-	-	6
-	-	-	70
618,486	912,424	2,719	1,966,084
7,517	-	-	13,118
444	-	-	18,249
\$725,904	\$940,619	\$ 2,724	\$3,499,320
\$ -	\$ -	\$ -	\$ 568
-	-	-	34,503
-	-	-	177,409
-	-	-	20,062
1,175	-	-	7,880
-	-	-	162,548
-	-	-	16,141
-	-	-	45
-	-	-	244
-	-	-	62,473
1,175	-	-	481,873
454	-	-	26,717
238,457	-	-	238,457
21,797	20,298	-	43,400
437,531	920,321	2,719	2,682,378
26,490	-	5	26,495
724,729	940,619	2,724	3,017,447
\$725,904	\$940,619	\$ 2,724	\$3,499,320

**COMBINING BALANCE SHEET  
EXPENDABLE TRUST FUNDS  
JUNE 30, 2001**

(DOLLARS IN THOUSANDS)

	UNEMPLOYMENT INSURANCE	STATE TREASURER	SEVERANCE TAX FUND	LAND BOARD
<b>ASSETS:</b>				
Cash and Pooled Cash	\$ 795,159	\$ 19,246	\$ 50,542	\$ 147
Taxes Receivable, net	32,862	-	-	-
Other Receivables, net	11,255	-	-	3,548
Due From Other Governments	754	-	-	-
Due From Other Funds	-	16,129	33,897	-
Inventories	-	-	-	-
Prepays, Advances, and Deferred Charges	-	-	-	-
Investments	-	-	-	-
Property, Plant and Equipment	-	-	-	-
<b>TOTAL ASSETS</b>	<b>\$ 840,030</b>	<b>\$ 35,375</b>	<b>\$ 84,439</b>	<b>\$ 3,695</b>
<b>LIABILITIES:</b>				
Accounts Payable and Accrued Liabilities	\$ 166	\$ 31,622	\$ -	\$ 9
Due To Other Governments	-	-	-	-
Due To Other Funds	1,083	-	-	3,553
Deferred Revenue	-	-	-	-
Deposits Held In Custody For Others	-	-	-	-
Other Current Liabilities	14,379	-	-	-
Capital Lease Obligations	-	-	-	-
Accrued Compensated Absences	-	-	-	-
Other Long-Term Liabilities	-	1,521	-	-
<b>TOTAL LIABILITIES</b>	<b>15,628</b>	<b>33,143</b>	<b>-</b>	<b>3,562</b>
<b>FUND EQUITY:</b>				
Fund Balances:				
Reserved For:				
Long-Term Assets and Long-Term Receivables	-	-	26,263	-
Unreserved:				
Designated for Unrealized Investment Gains	-	14	783	-
Designated Other	824,402	2,218	57,393	133
<b>TOTAL FUND EQUITY</b>	<b>824,402</b>	<b>2,232</b>	<b>84,439</b>	<b>133</b>
<b>TOTAL LIABILITIES AND FUND EQUITY</b>	<b>\$ 840,030</b>	<b>\$ 35,375</b>	<b>\$ 84,439</b>	<b>\$ 3,695</b>

VICTIMS COMPENSATION	SCHOLARS CHOICE FUND	CONSERVATION TRUST FUND	DEFERRED COMPENSATION PLAN	OTHER EXPENDABLE TRUSTS	TOTALS
\$ 10,146	\$ 141	\$ 8	\$ 496	\$ 35,187	\$ 911,072
-	-	-	-	-	32,862
-	1,160	-	-	1,668	17,631
-	-	-	-	-	754
-	-	8,020	-	-	58,046
-	-	-	-	5	5
44	-	-	20	6	70
2,199	70,950	-	316,269	4,971	394,389
-	-	-	-	5,601	5,601
\$ 12,389	\$ 72,251	\$ 8,028	\$ 316,785	\$ 47,438	\$ 1,420,430
\$ -	\$ 641	\$ -	\$ 65	\$ 1,484	\$ 33,987
-	-	8,020	-	-	8,020
25	-	-	-	131	4,792
-	-	-	-	6,705	6,705
-	-	-	-	1,359	1,359
-	-	-	-	3	14,382
-	-	-	-	45	45
-	-	-	6	238	244
-	-	-	-	-	1,521
25	641	8,020	71	9,965	71,055
-	-	-	-	-	26,263
2	-	-	8	498	1,305
12,362	71,610	8	316,706	36,975	1,321,807
12,364	71,610	8	316,714	37,473	1,349,375
\$ 12,389	\$ 72,251	\$ 8,028	\$ 316,785	\$ 47,438	\$ 1,420,430

**COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
EXPENDABLE TRUST FUNDS  
FOR THE YEAR ENDED JUNE 30, 2001**

(DOLLARS IN THOUSANDS)

	UNEMPLOYMENT INSURANCE	STATE TREASURER	SEVERANCE TAX FUND	LAND BOARD
REVENUES:				
Taxes	\$151,538	\$ -	\$34,444	\$ -
Licenses, Permits, and Fines	-	-	-	-
Charges for Goods and Services	-	-	-	227
Investment Income/Loss	51,212	26	4,454	20,613
Federal Grants and Contracts	6,938	4,530	-	-
Other	61	17,823	-	11,313
TOTAL REVENUES	209,749	22,379	38,898	32,153
EXPENDITURES:				
Current:				
General Government	-	914	-	9
Business, Community and Consumer Affairs	197,495	-	-	-
Education	-	-	-	-
Health and Rehabilitation	-	-	-	-
Justice	-	-	-	-
Natural Resources	-	-	-	-
Social Assistance	-	-	-	-
Capital Outlay	-	-	-	-
Intergovernmental:				
Cities	-	-	-	-
Counties	-	4,530	-	11
School Districts	-	-	-	-
Special Districts	-	-	-	-
Other	-	-	-	-
Deferred Compensation Distributions	-	-	-	-
Debt Service	-	-	-	-
TOTAL EXPENDITURES	197,495	5,444	-	20
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	12,254	16,935	38,898	32,133
OTHER FINANCING SOURCES (USES):				
Operating Transfer-In	-	-	-	51
Operating Transfer-Out	-	(16,809)	(19,619)	(32,169)
TOTAL OTHER FINANCING SOURCES (USES)	-	(16,809)	(19,619)	(32,118)
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	12,254	126	19,279	15
FUND BALANCE, JULY 1	812,148	2,106	65,160	118
Prior Period Adjustment	-	-	-	-
FUND BALANCE, JUNE 30	\$824,402	\$ 2,232	\$84,439	\$ 133

VICTIMS COMPENSATION	SCHOLARS CHOICE FUND	CONSERVATION TRUST FUND	DEFERRED COMPENSATION PLAN	OTHER EXPENDABLE TRUSTS	TOTALS
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 185,982
19,217	-	-	-	7,672	26,889
-	-	-	283	203	713
2	(452)	-	(45,491)	3,020	33,384
-	-	-	-	3,218	14,686
-	39,023	3	15,119	1,650	84,992
19,219	38,571	3	(30,089)	15,763	346,646
-	-	-	310	2,217	3,450
-	-	-	-	405	197,900
-	3,658	-	-	451	4,109
-	-	-	-	344	344
-	-	-	-	6,023	6,023
-	-	-	-	167	167
-	-	-	-	4	4
-	-	-	-	164	164
-	-	20,590	-	780	21,370
-	-	7,189	-	1,354	13,084
-	-	173	-	-	173
-	-	3,762	-	178	3,940
15,165	-	-	-	1	15,166
-	-	-	18,151	-	18,151
-	-	-	-	5	5
15,165	3,658	31,714	18,461	12,093	284,050
4,054	34,913	(31,711)	(48,550)	3,670	62,596
-	-	31,714	-	98	31,863
(2,003)	-	-	(14)	(15)	(70,629)
(2,003)	-	31,714	(14)	83	(38,766)
2,051	34,913	3	(48,564)	3,753	23,830
10,313	-	5	365,278	33,720	1,288,848
-	36,697	-	-	-	36,697
\$12,364	\$71,610	\$ 8	\$ 316,714	\$ 37,473	\$1,349,375

**COMBINING STATEMENT OF CHANGES IN ASSETS  
AND LIABILITIES - ALL AGENCY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2001**

(DOLLARS IN THOUSANDS)	BALANCE JULY 1	ADDITIONS	DEDUCTIONS	BALANCE JUNE 30
<b>DEPARTMENT OF REVENUE AGENCY FUNDS:</b>				
ASSETS:				
Cash and Pooled Cash	\$ 78,600	\$ 1,717,879	\$ 1,721,859	\$ 74,620
Taxes Receivable, net	86,820	30,461	7,144	110,137
Due From Other Funds	2,521	1,014	2,496	1,039
<b>TOTAL ASSETS</b>	<b>\$ 167,941</b>	<b>\$ 1,749,354</b>	<b>\$ 1,731,499</b>	<b>\$ 185,796</b>
LIABILITIES:				
Tax Refunds Payable	\$ 903	\$ 2	\$ 337	\$ 568
Due To Other Governments	158,650	2,448,879	2,438,156	169,373
Due To Other Funds	8,526	147,572	140,830	15,268
Deposits Held In Custody For Others	(283)	701	-	418
Other Current Liabilities	52	1,535	1,536	51
Other Long-Term Liabilities	93	131	106	118
<b>TOTAL LIABILITIES</b>	<b>\$ 167,941</b>	<b>\$ 2,598,820</b>	<b>\$ 2,580,965</b>	<b>\$ 185,796</b>

**DEPARTMENT OF TREASURY AGENCY FUNDS:**

ASSETS:				
Cash and Pooled Cash	\$ 55,398	\$ 94,007	\$ 87,846	\$ 61,559
Due From Other Governments	-	30,943	30,943	-
Due From Other Funds	7,702	10,025	7,702	10,025
Investments	35,911	71,869	71,113	36,667
<b>TOTAL ASSETS</b>	<b>\$ 99,011</b>	<b>\$ 206,844</b>	<b>\$ 197,604</b>	<b>\$ 108,251</b>
LIABILITIES:				
Deposits Held In Custody For Others	\$ 51,858	\$ 69,982	\$ 64,167	\$ 57,673
Other Long-Term Liabilities	47,153	7,900	4,475	50,578
<b>TOTAL LIABILITIES</b>	<b>\$ 99,011</b>	<b>\$ 77,882</b>	<b>\$ 68,642</b>	<b>\$ 108,251</b>

(Continued)

(Continued)

	BALANCE JULY 1	ADDITIONS	DEDUCTIONS	BALANCE JUNE 30
<b>OTHER AGENCY FUNDS:</b>				
<b>ASSETS:</b>				
Cash and Pooled Cash	\$ 81,190	\$ 92,169	\$ 77,379	\$ 95,980
Other Receivables, net	207	326	422	111
Due From Other Funds	467	475	642	300
Inventories	6	114	119	1
Investments	1,400	70	71	1,399
Other Long-Term Assets	16,954	4,517	3,666	17,805
<b>TOTAL ASSETS</b>	<b>\$ 100,224</b>	<b>\$ 97,671</b>	<b>\$ 82,299</b>	<b>\$ 115,596</b>
<b>LIABILITIES:</b>				
Accounts Payable and Accrued Liabilities	\$ 223	\$ 7,996	\$ 7,703	\$ 516
Due To Other Governments	26	173	183	16
Due To Other Funds	173	9,656	9,827	2
Deferred Revenue	-	13	13	-
Deposits Held In Custody For Others	88,196	55,799	40,897	103,098
Other Current Liabilities	1,763	423	478	1,708
Other Long-Term Liabilities	9,843	2,646	2,233	10,256
<b>TOTAL LIABILITIES</b>	<b>\$ 100,224</b>	<b>\$ 76,706</b>	<b>\$ 61,334</b>	<b>\$ 115,596</b>
<b>TOTALS - ALL AGENCY FUNDS:</b>				
<b>ASSETS:</b>				
Cash and Pooled Cash	\$ 215,188	\$ 1,904,055	\$ 1,887,084	\$ 232,159
Taxes Receivable, net	86,820	30,461	7,144	110,137
Other Receivables, net	207	326	422	111
Due From Other Governments	-	30,943	30,943	-
Due From Other Funds	10,690	11,514	10,840	11,364
Inventories	6	114	119	1
Investments	37,311	71,939	71,184	38,066
Other Long-Term Assets	16,954	4,517	3,666	17,805
<b>TOTAL ASSETS</b>	<b>\$ 367,176</b>	<b>\$ 2,053,869</b>	<b>\$ 2,011,402</b>	<b>\$ 409,643</b>
<b>LIABILITIES:</b>				
Tax Refunds Payable	\$ 903	\$ 2	\$ 337	\$ 568
Accounts Payable and Accrued Liabilities	223	7,996	7,703	516
Due To Other Governments	158,676	2,449,052	2,438,339	169,389
Due To Other Funds	8,699	157,228	150,657	15,270
Deferred Revenue	-	13	13	-
Deposits Held In Custody For Others	139,771	126,482	105,064	161,189
Other Current Liabilities	1,815	1,958	2,014	1,759
Other Long-Term Liabilities	57,089	10,677	6,814	60,952
<b>TOTAL LIABILITIES</b>	<b>\$ 367,176</b>	<b>\$ 2,753,408</b>	<b>\$ 2,710,941</b>	<b>\$ 409,643</b>

**COMBINING BALANCE SHEET  
NONEXPENDABLE TRUST FUNDS  
JUNE 30, 2001**

(DOLLARS IN THOUSANDS)					
	STATE LANDS	CONTROLLED MAINTENANCE	TOBACCO LITIGATION SETTLEMENT	OTHER	TOTALS
<b>ASSETS:</b>					
Cash and Pooled Cash	\$ 16,258	\$ 35,080	\$ 36,334	\$ 5,632	\$ 93,304
Other Receivables, net	1,917	3,376	723	-	6,016
Due From Other Funds	127	-	-	10	137
Investments	308,986	240,788	68,712	-	618,486
Property, Plant and Equipment, net	7,517	-	-	-	7,517
Other Long-Term Assets	444	-	-	-	444
<b>TOTAL ASSETS</b>	<b>\$335,249</b>	<b>\$279,244</b>	<b>\$ 105,769</b>	<b>\$ 5,642</b>	<b>\$725,904</b>
<b>LIABILITIES:</b>					
Deferred Revenue	\$ 1,175	\$ -	\$ -	\$ -	\$ 1,175
<b>TOTAL LIABILITIES</b>	<b>1,175</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,175</b>
<b>FUND EQUITY:</b>					
Fund Balances:					
Reserved For:					
Statutorily Specified Amounts	-	238,457	-	-	238,457
Unreserved:					
Designated for Unrealized Investment Gains	9,927	8,825	2,958	87	21,797
Designated Other	324,147	5,472	102,811	5,555	437,985
Undesignated	-	26,490	-	-	26,490
<b>TOTAL FUND EQUITY</b>	<b>334,074</b>	<b>279,244</b>	<b>105,769</b>	<b>5,642</b>	<b>724,729</b>
<b>TOTAL LIABILITIES AND FUND EQUITY</b>	<b>\$335,249</b>	<b>\$279,244</b>	<b>\$ 105,769</b>	<b>\$ 5,642</b>	<b>\$725,904</b>

**COMBINING STATEMENT OF REVENUES, EXPENSES,  
AND CHANGES IN FUND EQUITY  
NONEXPENDABLE TRUST FUNDS  
FOR THE YEAR ENDED JUNE 30, 2001**

(DOLLARS IN THOUSANDS)					
	STATE LANDS	CONTROLLED MAINTENANCE	TOBACCO LITIGATION SETTLEMENT	OTHER	TOTALS
OPERATING REVENUES:					
Investment and Rental Income	\$ 31,971	\$ 29,105	\$ 6,920	\$ 125	\$ 68,121
Other	-	87	-	-	87
TOTAL OPERATING REVENUES	31,971	29,192	6,920	125	68,208
OPERATING EXPENSES:					
TOTAL OPERATING EXPENSES	-	-	-	-	-
OPERATING INCOME (LOSS)	31,971	29,192	6,920	125	68,208
NON-OPERATING REVENUES AND (EXPENSES):					
Fines and Settlements	-	-	18,048	-	18,048
TOTAL NON-OPERATING REVENUES (EXPENSES)	-	-	18,048	-	18,048
INCOME (LOSS) BEFORE OPERATING TRANSFERS	31,971	29,192	24,968	125	86,256
OPERATING TRANSFERS:					
Operating Transfer-In	812	-	29,941	5,000	35,753
Operating Transfer-Out	(2,270)	(17,808)	-	(33)	(20,111)
TOTAL OPERATING TRANSFERS	(1,458)	(17,808)	29,941	4,967	15,642
NET INCOME/CHANGE IN RETAINED EARNINGS	30,513	11,384	54,909	5,092	101,898
FUND EQUITY, JULY 1	303,561	267,860	50,860	550	622,831
FUND EQUITY, JUNE 30	\$334,074	\$279,244	\$ 105,769	\$ 5,642	\$724,729

**COMBINING STATEMENT OF CASH FLOWS  
NONEXPENDABLE TRUST FUNDS  
FOR THE YEAR ENDED JUNE 30, 2001**

(DOLLARS IN THOUSANDS)

	STATE LANDS	CONTROLLED MAINTENANCE	TOBACCO SETTLEMENT	OTHER	TOTALS
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>					
Cash Received from:					
Other Sources	\$ 870	\$ 87	\$ 18,047	\$ -	\$ 19,004
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>870</b>	<b>87</b>	<b>18,047</b>	<b>-</b>	<b>19,004</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>					
Transfers-In	815	-	29,941	4,999	35,755
Transfers-Out	(2,272)	(21,929)	-	(33)	(24,234)
<b>NET CASH FROM NONCAPITAL FINANCING ACTIVITIES</b>	<b>(1,457)</b>	<b>(21,929)</b>	<b>29,941</b>	<b>4,966</b>	<b>11,521</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>					
Proceeds from Sale of Capital Assets	77	-	-	-	77
Income from Property	16,054	-	-	-	16,054
<b>NET CASH FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<b>16,131</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>16,131</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>					
Interest and Dividends on Investments	383	19,151	4,969	126	24,629
Proceeds from Sales of Investments	33,229	39,973	6,187	-	79,389
Purchases of Investments	(43,997)	(20,517)	(23,703)	-	(88,217)
<b>NET CASH FROM INVESTING ACTIVITIES</b>	<b>(10,385)</b>	<b>38,607</b>	<b>(12,547)</b>	<b>126</b>	<b>15,801</b>
<b>NET INCREASE (DECREASE) IN CASH AND POOLED CASH</b>	<b>5,159</b>	<b>16,765</b>	<b>35,441</b>	<b>5,092</b>	<b>62,457</b>
<b>CASH AND POOLED CASH , FISCAL YEAR BEGINNING</b>	<b>11,099</b>	<b>18,315</b>	<b>893</b>	<b>540</b>	<b>30,847</b>
<b>CASH AND POOLED CASH, FISCAL YEAR END</b>	<b>16,258</b>	<b>35,080</b>	<b>36,334</b>	<b>5,632</b>	<b>93,304</b>
<b>RECONCILIATION TO THE COMBINED BALANCE SHEET</b>					
Add: Expendable Trust Funds	-	-	-	-	911,072
Investment and Pension Trust Funds	-	-	-	-	14,809
Agency Funds	-	-	-	-	232,159
<b>CASH AND POOLED CASH, FISCAL YEAR END</b>	<b>\$ 16,258</b>	<b>\$ 35,080</b>	<b>\$ 36,334</b>	<b>\$ 5,632</b>	<b>\$ 1,251,344</b>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>					
Operating Income (Loss)	\$ 31,971	\$ 29,192	\$ 6,920	\$ 125	\$ 68,208
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:					
Investment/Rental Income and Other Revenue in Operating	(31,972)	(29,105)	(6,921)	(125)	(68,123)
Fines, Donations, and Grants and Contracts in NonOperating	-	-	18,048	-	18,048
Net Changes in Assets and Liabilities Related to Operating Activities:					
(Increase) Decrease in Operating Receivables	3	-	-	-	3
(Increase) Decrease in Other Operating Assets	75	-	-	-	75
Increase (Decrease) in Accounts Payable	(2)	-	-	-	(2)
Increase (Decrease) in Other Operating Liabilities	795	-	-	-	795
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>\$ 870</b>	<b>\$ 87</b>	<b>\$ 18,047</b>	<b>\$ -</b>	<b>\$ 19,004</b>

## SUPPLEMENTARY INFORMATION - NONCASH TRANSACTIONS (See Note III-B):

Unrealized Gain/(Loss) on Investments	14,301	10,114	2,059	-	26,474
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## **GENERAL FIXED ASSETS ACCOUNT GROUP**

The General Fixed Assets Account Group is used to account for fixed assets acquired for general governmental purposes. These include all land, buildings, and equipment except those of the Enterprise, Internal Service, Trust, and College and University funds.

**SCHEDULE OF GENERAL FIXED ASSETS  
BY FUNCTION AND DEPARTMENT  
JUNE 30, 2001**

(DOLLARS IN THOUSANDS)

	LAND AND IMPROVEMENTS	BUILDINGS	LEASEHOLD IMPROVEMENTS
<b>GENERAL GOVERNMENT</b>			
Legislature	\$ -	\$ -	\$ -
Military Affairs	1,348	15,491	43
Personnel	5,432	73,627	-
Revenue	5,802	15,098	321
Treasury	-	-	-
Subtotal	12,582	104,216	364
<b>BUSINESS, COMMUNITY &amp; CONSUMER AFFAIRS:</b>			
Agriculture	110	3,158	-
<sup>1</sup> GOV, OEC, OED	-	-	-
Labor and Employment	617	5,335	-
Local Affairs	-	-	-
Regulatory Agencies	-	-	-
Revenue	-	-	143
State	-	195	-
Subtotal	727	8,688	143
<b>EDUCATION</b>			
Education	398	6,078	-
Higher Education	2,398	9,159	-
Subtotal	2,796	15,237	-
<b>HEALTH AND REHABILITATION</b>			
Public Health and Environment	188	11,690	-
Human Services	7,911	98,892	71
Subtotal	8,099	110,582	71
<b>JUSTICE</b>			
Corrections	9,829	707,116	-
DHS, Division of Youth Services	1,908	89,636	-
Judicial	1,605	11,835	-
Law	-	-	-
Public Safety	943	7,127	-
Regulatory Agencies	-	-	-
Subtotal	14,285	815,714	-
<b>NATURAL RESOURCES</b>			
Natural Resources	194,790	58,276	36,787
<b>SOCIAL ASSISTANCE</b>			
Human Services	-	-	1,181
Health Care Policy and Finance	-	-	-
Subtotal	-	-	1,181
<b>TRANSPORTATION</b>			
Transportation	10,323	57,544	-
<b>TOTAL GENERAL FIXED ASSETS</b>	<b>\$ 243,602</b>	<b>\$ 1,170,257</b>	<b>\$ 38,546</b>

<sup>1</sup>Governor's Office, Office of Energy Management and Conservation, and the Office of Economic Development

EQUIPMENT	CONSTRUCTION IN PROGRESS	OTHER FIXED ASSETS	TOTALS
\$ 833	\$ -	\$ 100	\$ 933
244	15,563	31	32,720
3,077	24,008	-	106,144
14,057	-	-	35,278
9	-	-	9
18,220	39,571	131	175,084
2,962	1,124	-	7,354
31	-	1,988	2,019
6,028	-	-	11,980
806	-	-	806
1,213	-	-	1,213
605	-	-	748
3,629	-	-	3,824
15,274	1,124	1,988	27,944
2,795	1,912	2,348	13,531
976	2,242	1,522	16,297
3,771	4,154	3,870	29,828
7,425	-	-	19,303
8,402	4,809	61	120,146
15,827	4,809	61	139,449
20,957	27,013	1,017	765,932
1,593	55,019	-	148,156
15,441	-	689	29,570
437	-	-	437
22,999	-	-	31,069
-	-	-	-
61,427	82,032	1,706	975,164
18,406	8,021	9,362	325,642
13,684	8,035	-	22,900
230	-	-	230
13,914	8,035	-	23,130
171,799	-	-	239,666
\$ 318,638	\$ 147,746	\$ 17,118	\$ 1,935,907

**SCHEDULE OF CHANGES IN GENERAL FIXED ASSETS  
BY FUNCTION AND DEPARTMENT  
JUNE 30, 2001**

(DOLLARS IN THOUSANDS)	BALANCE JULY 1	ADDITIONS	DELETIONS	BALANCE JUNE 30
<b>GENERAL GOVERNMENT</b>				
Legislature	\$ 817	\$ 149	\$ 33	\$ 933
Military Affairs	32,720	-	-	32,720
Personnel	91,930	14,770	556	106,144
Revenue	43,933	3,011	11,666	35,278
Treasury	9	-	-	9
Subtotal	169,409	17,930	12,255	175,084
<b>BUSINESS, COMMUNITY &amp; CONSUMER AFFAIRS:</b>				
Agriculture	6,981	887	514	7,354
<sup>1</sup> GOV, OEC, OED	1,976	43	-	2,019
Labor and Employment	11,203	1,281	504	11,980
Local Affairs	786	52	32	806
Regulatory Agencies	3,337	148	2,272	1,213
Revenue	726	59	37	748
State	4,278	103	557	3,824
Subtotal	29,287	2,573	3,916	27,944
<b>EDUCATION</b>				
Education	12,364	1,321	154	13,531
Higher Education	14,121	2,212	36	16,297
Subtotal	26,485	3,533	190	29,828
<b>HEALTH AND REHABILITATION</b>				
Public Health and Environment	19,592	434	723	19,303
Human Services	116,170	5,358	1,382	120,146
Subtotal	135,762	5,792	2,105	139,449
<b>JUSTICE</b>				
Corrections	740,567	32,912	7,547	765,932
DHS, Division of Youth Services	125,352	23,976	1,172	148,156
Judicial	29,615	1,280	1,325	29,570
Law	391	126	80	437
Public Safety	34,840	3,822	7,593	31,069
Regulatory Agencies	107	-	107	-
Subtotal	930,872	62,116	17,824	975,164
<b>NATURAL RESOURCES</b>				
Natural Resources	313,399	13,062	819	325,642
<b>SOCIAL ASSISTANCE</b>				
Human Services	17,216	6,933	1,249	22,900
Health Care Policy and Finance	208	58	36	230
Subtotal	17,424	6,991	1,285	23,130
<b>TRANSPORTATION</b>				
Transportation	226,751	20,913	7,998	239,666
<b>TOTAL GENERAL FIXED ASSETS</b>	<b>\$ 1,849,389</b>	<b>\$ 132,910</b>	<b>\$ 46,392</b>	<b>\$ 1,935,907</b>

<sup>1</sup>Governor's Office, Office of Energy Management and Conservation, and the Office of Economic Development

## DISCRETELY PRESENTED COMPONENT UNITS

Component units are public entities for which the state is financially accountable because the state appoints a voting majority of their governing board, and either is able to impose its will upon the entity or there exists a financial benefit or burden relationship with the state. Entities that do not meet the criteria for inclusion may still be included if it would be misleading to exclude them.

### DENVER METROPOLITAN MAJOR LEAGUE BASEBALL STADIUM DISTRICT

The district was created for the purpose of acquiring, constructing, and operating a major league baseball stadium in the Denver metropolitan area. The District levied a sales tax of one-tenth of one percent throughout the District, for a period not to exceed 20 years, to assist in financing the stadium.

### UNIVERSITY OF COLORADO HOSPITAL AUTHORITY

The authority operates University Hospital as a teaching and research hospital providing comprehensive medical care, including primary, secondary, and tertiary patient care. It also provides space as necessary for the clinical programs of the University of Colorado Health Sciences Center.

### COLORADO WATER RESOURCES AND POWER DEVELOPMENT AUTHORITY

The authority constructs, maintains, or causes construction and maintenance of projects for the purpose of conserving or developing the water resources of the state.

### COLORADO UNINSURABLE HEALTH INSURANCE PLAN

The plan is a nonprofit public entity created to provide access to health insurance for those Colorado residents who are unable to obtain health insurance, or unable to obtain health insurance except at prohibitive rates or with restrictive exclusions.

### COMBINING BALANCE SHEET ALL DISCRETELY PRESENTED COMPONENT UNITS

(DOLLARS IN THOUSANDS)	FIDUCIARY FUND TYPE	PENSION TRUST FUND
	COLORADO WATER RESOURCES AND POWER DEVELOPMENT AUTHORITY	UNIVERSITY OF COLORADO HOSPITAL AUTHORITY
ASSETS:		
Cash and Cash Equivalents	\$ 6,601	\$ -
Taxes Receivable, net	-	-
Other Receivables, net	2,831	-
Due From Other Governments	-	-
Due From Other Funds	-	-
Inventories	-	-
Prepays, Advances, and Deferred Charges	-	-
Investments	172,970	76,267
Property, Plant and Equipment, net	-	-
Other Long-Term Assets	-	-
TOTAL ASSETS	<u>\$ 182,402</u>	<u>\$ 76,267</u>
LIABILITIES:		
Accounts Payable and Accrued Liabilities	\$ -	\$ -
Due To Other Governments	135,728	-
Due To Other Funds	3,964	-
Deferred Revenue	-	-
Other Current Liabilities	-	-
Notes and Bonds Payable	-	-
Accrued Compensated Absences	-	-
Other Long-Term Liabilities	-	-
TOTAL LIABILITIES	<u>139,692</u>	<u>-</u>
FUND EQUITY:		
Contributed Capital	-	-
Retained Earnings	-	-
Fund Balances:		
Unreserved:		
Designated	42,710	76,267
TOTAL FUND EQUITY	<u>42,710</u>	<u>76,267</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>\$ 182,402</u>	<u>\$ 76,267</u>

**PROPRIETARY FUND TYPES**

DENVER METROPOLITAN MAJOR LEAGUE BASEBALL STADIUM DISTRICT	UNIVERSITY OF COLORADO HOSPITAL AUTHORITY	COLORADO WATER RESOURCES AND POWER DEVELOPMENT AUTHORITY	COLORADO UNINSURABLE HEALTH INSURANCE PLAN	TOTALS
\$ 6,038	\$ 16,445	\$ 50,696	\$ 3,961	\$ 83,741
6,566	-	-	-	6,566
166	123,862	3,569	4	130,432
-	-	32,712	-	32,712
-	-	17,483	-	17,483
-	6,876	-	-	6,876
6	3,371	-	-	3,377
-	116,150	139,630	-	505,017
175,169	309,770	38	2	484,979
395	10,047	490,381	-	500,823
\$ 188,340	\$ 586,521	\$ 734,509	\$ 3,967	\$ 1,772,006
\$ 12	\$ 56,821	\$ 8,783	\$ 63	\$ 65,679
-	-	8,138	-	143,866
-	-	13,520	-	17,484
-	-	201	90	291
-	3,430	22,568	2,752	28,750
-	232,861	447,309	-	680,170
-	6,908	-	-	6,908
-	-	5,042	-	5,042
12	300,020	505,561	2,905	948,190
386	-	144,532	-	144,918
187,942	286,501	84,416	1,062	559,921
-	-	-	-	118,977
188,328	286,501	228,948	1,062	823,816
\$ 188,340	\$ 586,521	\$ 734,509	\$ 3,967	\$ 1,772,006

**COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
ALL DISCRETELY PRESENTED COMPONENT UNITS  
EXPENDABLE TRUST FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2000**

(DOLLARS IN THOUSANDS)

	<b>EXPENDABLE TRUST</b>
	COLORADO WATER RESOURCES AND POWER DEVELOPMENT AUTHORITY
REVENUES:	
Investment Income	\$ 2,764
TOTAL REVENUES	2,764
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	2,764
OTHER FINANCING SOURCES (USES):	
Operating Transfer-Out	(2,663)
TOTAL OTHER FINANCING SOURCES (USES)	(2,663)
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	101
FUND BALANCE, JANUARY 1	42,609
FUND BALANCE, DECEMBER 31	\$ 42,710

**COMBINING STATEMENT OF REVENUES, EXPENSES,  
AND CHANGES IN FUND EQUITY  
ALL DISCRETELY PRESENTED COMPONENT UNITS  
PROPRIETARY FUNDS**

(DOLLARS IN THOUSANDS)	DENVER METROPOLITAN MAJOR LEAGUE BASEBALL STADIUM DISTRICT	UNIVERSITY OF COLORADO HOSPITAL AUTHORITY	COLORADO WATER RESOURCES AND POWER DEVELOPMENT AUTHORITY	COLORADO UNINSURABLE HEALTH INSURANCE PLAN	TOTALS
OPERATING REVENUES:					
Charges for Goods and Services	\$ -	\$312,598	\$ 4,248	\$ 3,920	\$320,766
Investment and Rental Income	957	-	30,052	198	31,207
Other	-	17,299	524	-	17,823
TOTAL OPERATING REVENUES	957	329,897	34,824	4,118	369,796
OPERATING EXPENSES:					
Salaries & Fringe Benefits	-	132,051	-	-	132,051
Operating and Travel	81	95,448	25,912	8,315	129,756
Cost of Goods Sold	-	58,996	-	-	58,996
Depreciation and Amortization	4,408	23,795	433	2	28,638
Other	-	10,135	574	-	10,709
TOTAL OPERATING EXPENSES	4,489	320,425	26,919	8,317	360,150
OPERATING INCOME (LOSS)	(3,532)	9,472	7,905	(4,199)	9,646
NON-OPERATING REVENUES AND (EXPENSES):					
Taxes	37,350	-	-	-	37,350
Investment Income	1,527	6,191	-	-	7,718
State Funds	-	-	-	3,492	3,492
Debt Service	(6,032)	-	-	-	(6,032)
Other	-	(246)	-	-	(246)
TOTAL NON-OPERATING REVENUES (EXPENSES)	32,845	5,945	-	3,492	42,282
INCOME (LOSS) BEFORE OPERATING TRANSFERS	29,313	15,417	7,905	(707)	51,928
OPERATING TRANSFERS:					
Operating Transfer-In	-	-	2,663	-	2,663
TOTAL OPERATING TRANSFERS	-	-	2,663	-	2,663
NET INCOME/CHANGE IN RETAINED EARNINGS	29,313	15,417	10,568	(707)	54,591
FUND EQUITY, FISCAL YEAR BEGINNING	159,015	236,782	192,274	1,769	589,840
Additions (Deductions) to Contributed Capital	-	34,302	26,106	-	60,408
FUND EQUITY, FISCAL YEAR END	\$188,328	\$286,501	\$228,948	\$ 1,062	\$704,839

**COMBINING STATEMENT OF CASH FLOWS**  
**ALL DISCRETELY PRESENTED COMPONENT UNITS**  
**PROPRIETARY FUNDS**

(DOLLARS IN THOUSANDS)

	DENVER METROPOLITAN MAJOR LEAGUE BASEBALL STADIUM DISTRICT	UNIVERSITY OF COLORADO HOSPITAL AUTHORITY
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash From Operating Activities	\$ 840	\$ 12,629
NET CASH PROVIDED BY OPERATING ACTIVITIES	840	12,629
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Transfers-In	-	-
Transfers-Out	-	-
NET CASH FROM NONCAPITAL FINANCING ACTIVITIES	-	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Acquisition of Capital Assets	-	(88,444)
Proceeds from Issuance of Capital Debt	-	-
Principal Paid on Capital Debt	(11,610)	(3,310)
Interest Payments	(2,500)	(12,464)
Capital Lease Payments	(1)	-
Taxes	36,845	-
Bond Defeasance and Refunding	(38,124)	-
Received from Borrowers	-	-
Disbursements to Borrowers	-	-
Capitalization Grants Received	-	-
NET CASH FROM CAPITAL AND RELATED FINANCING ACTIVITIES	(15,390)	(104,218)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest and Dividends on Investments	1,574	6,791
Proceeds from Sales of Investments	-	375,504
Purchases of Investments	-	(274,261)
Net (Increase)Decrease in Investments	-	-
NET CASH FROM INVESTING ACTIVITIES	1,574	108,034
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(12,976)	16,445
CASH AND POOLED CASH , FISCAL YEAR BEGINNING	19,014	-
CASH AND POOLED CASH, FISCAL YEAR END	\$ 6,038	\$ 16,445
RECONCILIATION TO THE COMBINED BALANCE SHEET		
Add: Pension and Expendable Trust Funds	-	-
CASH AND POOLED CASH, FISCAL YEAR END	\$ 6,038	\$ 16,445

(Continued)

COLORADO WATER RESOURCES AND POWER DEVELOPMENT AUTHORITY	COLORADO UNINSURABLE HEALTH INSURANCE PLAN	TOTALS
\$ 7,448	\$ (3,000)	\$ 17,917
7,448	(3,000)	17,917
3,159	3,492	6,651
(496)	-	(496)
2,663	3,492	6,155
(6)	-	(88,450)
93,694	-	93,694
(19,580)	-	(34,500)
-	-	(14,964)
-	-	(1)
-	-	36,845
-	-	(38,124)
23,654	-	23,654
(102,994)	-	(102,994)
26,106	-	26,106
20,874	-	(98,734)
-	-	8,365
-	-	375,504
-	-	(274,261)
(20,031)	-	(20,031)
(20,031)	-	89,577
10,954	492	14,915
39,742	3,469	62,225
\$ 50,696	\$ 3,961	\$ 77,140
6,601	-	6,601
\$ 57,297	\$ 3,961	\$ 83,741

**COMBINING STATEMENT OF CASH FLOWS**  
**ALL DISCRETELY PRESENTED COMPONENT UNITS**  
**PROPRIETARY FUNDS**

(Continued)

(DOLLARS IN THOUSANDS)	DENVER METROPOLITAN MAJOR LEAGUE BASEBALL STADIUM DISTRICT	UNIVERSITY OF COLORADO HOSPITAL AUTHORITY
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating Income (Loss)	\$ (3,532)	\$ 9,472
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:		
Depreciation and Amortization	4,408	23,795
Investment/Rental Income and Interest Expense in Operating Income	-	-
Interest Expense	-	10,135
Provision for Bad Debts	-	13,645
Net Changes in Assets and Liabilities Related to Operating Activities:		
(Increase) Decrease in Operating Receivables	(25)	(25,971)
(Increase) Decrease in Inventories	-	(1,940)
(Increase) Decrease in Other Operating Assets	3	(1,668)
Increase (Decrease) in Accounts Payable	(14)	(15,848)
Increase (Decrease) in Accrued Compensated Absences	-	1,009
Increase (Decrease) in Other Operating Liabilities	-	-
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 840	\$ 12,629

COLORADO WATER RESOURCES AND POWER DEVELOPMENT AUTHORITY	COLORADO UNINSURABLE HEALTH INSURANCE PLAN	TOTALS
\$ 7,905	\$ (4,199)	\$ 9,646
433	2	28,638
(2,005)	-	(2,005)
-	-	10,135
-	-	13,645
(2,447)	(4)	(28,447)
-	-	(1,940)
(304)	-	(1,969)
2,659	(24)	(13,227)
-	-	1,009
1,207	1,225	2,432
\$ 7,448	\$ (3,000)	\$ 17,917

**COMBINING STATEMENT OF CHANGES IN ASSETS  
AND LIABILITIES - ALL AGENCY FUNDS  
ALL DISCRETELY PRESENTED COMPONENT UNITS  
FOR THE YEAR ENDED DECEMBER 31, 2000**

<b>(DOLLARS IN THOUSANDS)</b>	BALANCE JANUARY 1	ADDITIONS	DEDUCTIONS	BALANCE DECEMBER 31
<b><i>COLORADO WATER RESOURCES AND POWER DEVELOPMENT AUTHORITY:</i></b>				
<b>ASSETS:</b>				
Cash and Investments - Trust Accounts	\$ 119,952	\$ 106,108	\$ 88,964	\$ 137,096
Interest Receivable on Investments	2,142	7,340	6,886	2,596
<b>TOTAL ASSETS</b>	<b>\$ 122,094</b>	<b>\$ 113,448</b>	<b>\$ 95,850</b>	<b>\$ 139,692</b>
<b>LIABILITIES:</b>				
Project Funds Payable	\$ 116,566	\$ 98,275	\$ 81,627	\$ 133,214
Interest Due to Borrowers	1,636	2,530	1,652	2,514
Accounts Payable - Other	21	-	21	-
Due To Other Funds	3,871	5,838	5,745	3,964
<b>TOTAL LIABILITIES</b>	<b>\$ 122,094</b>	<b>\$ 106,643</b>	<b>\$ 89,045</b>	<b>\$ 139,692</b>